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TO AMEND SECTION 27 OF THE MERCHANT MARINE ACT OF 1920

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HEARINGS

BEFORE THE

U.S. Congress. COMMITTEE ON THE MERCHANT MARINE AND FISHERIES

HOUSE OF REPRESENTATIVES

SIXTY-SEVENTH CONGRESS

FIRST SESSION

ON

H. R. 6645

OCTOBER 28 AND NOVEMBER 3, 1921

WASHINGTON
GOVERNMENT PRINTING OFFICE
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COMMITTEE ON THE MERCHANT MARINE AND FISHERIES.

HOUSE OF REPRESENTATIVES.

SIXTY-SEVENTH CONGRESS.

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TO AMEND SECTION 27 OF THE MERCHANT MARINE ACT OF 1920.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES,
HOUSE OF REPRESENTATIVES,
Friday, October 28, 1921.

The committee met at 10.30 o'clock a. m., Hon. William S. Greene (chairman) presiding.

The CHAIRMAN. Gentlemen, this hearing is on H. R. 6645, and I have two communications here I want to read and put in the record.

The bill reads as follows:

"[H. R. 6645, Sixty-seventh Congress, first session.]

"A BILL To amend section 27 of the act entitled 'An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes,' approved June 5, 1920.

"*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That section 27 of the act of June 5, 1920, entitled 'An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes,' is hereby amended to read as follows:

"'SEC. 27. That no merchandise shall be transported by water, or by land and water, on penalty of forfeiture thereof, between points in the United States, including Districts, Territories, and possessions thereof embraced within the coastwise laws, either directly or via a foreign port, or for any part of the transportation, in any other vessel than a vessel built in and documented under the laws of the United States and owned by persons who are citizens of the United States, or vessels to which the privilege of engaging in the coastwise trade is extended by sections 18 or 22 of this act: *Provided*, That this section shall not apply to merchandise transported between points within the continental United States, including Alaska, over through routes heretofore or hereafter recognized by the Interstate Commerce Commission for which routes rate tariffs have been or shall hereafter be filed with said commission when such routes are in part over Canadian rail lines and their own or other connecting water facilities: *Provided further*, That this section shall not become effective upon the Yukon River until the Alaska Railroad shall be completed and the Shipping Board shall find that proper facilities will be furnished for transportation by persons citizens of the United States for properly handling the traffic.'"

(The letters referred to by the chairman follow:)

NEW ENGLAND FISH CO.,
Boston, Mass., July 29, 1921.

Hon. WILLIAM S. GREENE,
House of Representatives, Washington, D. C.

SIR: We desire to call your attention to H. R. 6645, introduced by Mr. Sutherland of Alaska. The purpose of this bill is to amend section 27 of the act of June 5, 1920, entitled "An act to provide for the promotion and maintenance of the American merchant marine, etc.," commonly known as the Jones bill. The only change made in section 27 is to substitute the word "including" for the word "excluding," in line 13 of section 27.

Section 27 provides:

"That no merchandise shall be transported by water, or by land and water, on penalty of forfeiture thereof, between points in the United States, includ-

ing Districts, Territories, and possessions thereof embraced within the coastwise laws, either directly or via a foreign port, or for any part of the transportation, in any other vessels than a vessel built in and documented under the laws of the United States, and owned by persons who are citizens of the United States, or vessels to which the privilege of engaging in the coastwise trade is extended by sections 18 or 22 of this act: *Provided*, That this section shall not apply to merchandise transported between points within the continental United States, excluding Alaska, over through routes heretofore or hereafter recognized by the Interstate Commerce Commission for which routes rate tariffs have been or shall hereafter be filed with said commission when such routes are in part over Canadian rail lines and their own or other connecting water facilities."

The purport of H. R. 6645 is to place Alaska upon an equal basis with the States of the Union. By the express terms of the proviso, Alaska is deprived of the privileges extended by the act to other sections of the continental United States. The proposed bill eliminates this discrimination and attempts to place Alaska upon a parity with the balance of the United States.

Our company is extensively engaged in the fresh-fish business. It has a plant at Vancouver, British Columbia. Its fish are caught at Ketchikan and other points in Alaska. The fish are brought on Canadian vessels from Ketchikan and other points in Alaska to Vancouver. The fish are entered through the customshouse at Vancouver and become a part of the general assets and property of the Dominion of Canada. There are no American vessels suitable for transportating the fish from Alaska to Vancouver, and the amount of the tonnage is insufficient to justify the equipment and operation of American vessels for this purpose. If we are prohibited from transporting such fish from Vancouver into the United States, it will work a serious hardship upon us, as well as increase the price of halibut and other varieties of fish to the ultimate consumer in Boston, New York, and elsewhere. On the other hand, if the fish caught at Ketchikan and other points in Alaska can not be handled through Vancouver or Prince Rupert, the fishermen and citizens of Alaska must be the sufferers, as they will be unable to realize for their fish the prices that they are now getting from us.

Section 27 affects us materially, but it likewise works a greater hardship upon the residents of Alaska engaged in the fishing business. It also discriminates against all of the people of Alaska and materially affects them likewise. We know of no reason why Alaska should be treated differently from other sections of the continental United States. The inhabitants are citizens of the United States, and it would seem that they should be entitled to the same consideration by Congress as other citizens who happen to reside within the continental United States.

We might enumerate some of the discriminations in section 27:

(*a*) Merchandise may be shipped west from New York, Boston, Chicago, or other eastern United States points via the Canadian Pacific Railway or the Grand Trunk Pacific Railway to Vancouver or Prince Rupert and there placed on a Canadian (British) vessel and carried to Seattle, Portland, or San Francisco legally but not to Ketchikan, Juneau, Skagway, or any other Alaskan port. If it is thus carried to Skagway the merchandise is subject to forfeiture thereof to the United States.

It is perfectly legal to carry it south to Seattle, but it is a crime to carry it north to Skagway. This discrimination affects our business materially, but you can readily see how it discriminates against every resident of Alaska.

(*b*) The forfeiture applies if "any part of the transportation" is in a Canadian vessel; so, even if the freight be legally carried south to Seattle, the criminal forfeiture instantly applies if even an American vessel carried it from Seattle north to Skagway, provided a Canadian vessel carried it south to Seattle. This is another pronounced discrimination.

(*c*) While the section does not apply to the waters of the Yukon River until the Alaskan Railway is finished and the "Shipping Board shall find that proper facilities will be furnished for transportation by persons citizens of the United States for properly handling the traffic," this forfeiture does apply to the water route from Vancouver to Skagway, and Skagway is thus as effectively cut off from Vancouver as are Ketchikan and Juneau.

A preference is extended by the Jones bill to the ports of the States of Washington, Oregon, California, and even to the Philippine Islands, but such preference is withheld from the Alaskan ports. The proposed bill is to give to Alaska the same preference extended to other portions of the United States.

The Constitution of the United States provides:

"No preference shall be given by any regulation of commerce or revenue to the ports of one State over those of another."

Of course, if Alaska were a State, the Jones bill would be unquestionably unconstitutional, but Alaska is a Territory and is probably subject to the complete control of Congress. However, Congress has heretofore specifically extended the Constitution to Alaska and declared that "it shall have full force and effect" there, and the Supreme Court of the United States has declared that when once so extended it can not be recalled—that it remains thereafter irrevocably the supreme law of the Territory.

But, conceding that Congress has the power to enact such a law as section 27 of the Jones bill, still such power ought not to be exercised to the detriment of the Territory of Alaska and its citizens.

We earnestly request you to lend your valuable support to the passage of H. R. 6645. We believe that it is only fair to the inhabitants of Alaska that the discrimination of the Jones bill should be eliminated. If we can be of any assistance in furnishing any further information, we shall be glad to do so. It occurs to us that a public hearing should be had upon the bill and an opportunity given to the people of Alaska and others interested to be present and express their views.

Very respectfully,

NEW ENGLAND FISH CO.
By ORSON M. ARNOLD, *President.*

DEPARTMENT OF COMMERCE,
BUREAU OF FISHERIES,
Washington, August 11, 1921.

Hon. WILLIAM S. GREENE,
Chairman Committee on the Merchant Marine and Fisheries,
House of Representatives, Washington, D. C.

DEAR SIR: In response to your letter of August 9 requesting information concerning the cold-storage space available for vessels in the Alaska trade, the following telegrams were exchanged with the bureau's statistical agent in Seattle:

"E. J. BROWN,
"*1608 L. C. Smith Bldg., Seattle, Wash.*

"Wire cold-storage space by names of vessels in Alaska service. Canadian Pacific, Grand Trunk, Pacific Steamship, Alaska Steamship. If no space available any of these lines, state which. Is frozen fish from Ketchikan to Vancouver handled cold storage or open cargo. Urgent.

"MOORE."

"MOORE,
"*Fisheries, Washington, D. C.:*

"Cold-storage space Pacific Steamship *Watson* fifty, *Spokane* thirty-five, *City Seattle* twenty-five, Alaska steamship *Alameda* twenty-three, *Jefferson* twenty-five, *Northwestern* twelve, *Victoria* fifty. Grand Trunk Pacific no vessels on Alaska run. Canadian Pacific no cold-storage space. All frozen fish carried from Ketchikan to Vancouver open cargo.

"BROWN."

It is believed that Mr. Brown's telegram furnishes the information which you desire.

Very truly, yours,

H. F. MOORE, *Acting Commissioner.*

The CHAIRMAN. Mr. Sutherland, do you wish to be heard first?

Mr. SUTHERLAND. Yes, Mr. Chairman.

STATEMENT OF HON. DAN A. SUTHERLAND, THE DELEGATE FROM ALASKA.

Mr. SUTHERLAND. I am not going to occupy much of your time, Mr. Chairman and gentlemen, because I feel you know just what this bill means. The language is identical with that in the present merchant marine act except in this bill the word "including" is substituted for the word "excluding" in the original merchant marine act.

EXPLANATION OF BILL.

I believe I can illustrate the effect that that clause in the present merchant marine act has on the Alaskan situation by calling your attention to this map. It simply means that where freight originates anywhere in New England or anywhere in this western section of the country, they obtain preferential rates on the Canadian roads, by delivering it to connecting lines of Canadian boats into any America port on the Great Lakes. It is the freight originating here [indicating] or in fact anywhere in the northern boundary of the United States or anywhere in the United States which obtains those preferential rates across the continent to Vancouver or Prince Rupert, if you can imagine a projection of this map into Alaska, and may turn south and be delivered by connecting lines into any port on the Pacific coast; and in the reverse, it may originate here on the coast, come by the preferential rates on the Canadian line and be delivered by their connecting boats into the Great Lakes ports or to the ports of the New England coast; and it may originate here and have the rates across the Canadian line to Vancouver, but it is a crime to carry it north into American territory.

It is permissible to carry it south anywhere in American territory, but you can not carry it north. Now, that is all there is to the merchant marine act as it stands. Alaska is discriminated against to that extent. That clause did not originate in the House. The Greene bill originally had no such provision, but somewhere in the course of its passage through the Senate and back to the House that clause was put in, and I do not imagine half a dozen Members of Congress knew it was there when they voted for the bill.

EFFECT OF DISCRIMINATORY SECTION 27.

Now, here is the result of that discrimination, and I am just going to call your attention to one incident. There was a man at Juneau operating a sawmill producing spruce lumber for shipment to the States. There was quite a demand created for Alaskan spruce by reason of the fact that it was very desirable lumber for the manufacture of airplanes. It had qualities that adapted it peculiarly for use in the structure of airplane wings or planes, and a demand was created for this spruce lumber, and this man started to sawing lumber and manufacturing it and shipping it down through the Canadian line to Vancouver and then by the Canadian line into the central west, and some of it he sold in Canada. He was obtaining a rate from Juneau to Vancouver, aboard the cars, of $5 a thousand. When this act went into effect he had to go to the American lines, and the best rate he could obtain aboard the cars in Seattle was $11 a thousand, which was an increase of $6 a thousand just for the ocean transportation of the lumber, and as a consequence he had to go out of business because the $6 a thousand involved was more than the profit he was making on his lumber in distributing it through the Middle West. The result is that the man has gone out of business, his mill is closed, and the business is suspended. There was an opportunity here for Alaska to come into a little commerce, but we were immediately closed off by reason of this clause in the act.

Of course, the Americans who were injured the greatest by this clause are the fishing interests—the fresh fishing interests on the Pacific coast of Alaska. It does not affect the canner to any extent; it does not affect the packer of pickled fish; but the man who produces fresh fish for the American market is tremendously handicapped by this clause in the bill.

In 1897, I think, the New England Fish Co., one of the large concerns in New England, in order to develop the North Pacific fisheries established a plant at Vancouver, British Columbia. They established the plans there because they obtained very good rates on the Canadian Pacific lines, and they got quicker dispatch for their fish, which is the all-important thing in the fresh-fish business—that is, to have rapid transit for fresh fish. They continued there through all these years and then gradually moving north they built an immense freezing plant at Ketchikan, taking the fish that came from all through the North Pacific and around the Alaskan coast. It is a very large business. They were shipping their fish by the Canadian boats connecting with the line at Vancouver. The Canadians run a line of boats up through these channels from Vancouver to Skagway. They never depart from the regular run up through the channel and some of those boats are fitted with refrigerator space. They run on time. The schedule of those boats is almost like the schedule of trains in the States. If they announce they will be in Ketchikan at a certain hour they

are there promptly on the hour. They are continually carrying the product of this great freezer down to Vancouver for the New England Fish Co. With the passage of this act they were simply shut out. They could not do that at all.

Now, there would not be such a very great complaint if the American boats would give the service that was denied the Canadian boats. The American boats, some of them have refrigerator space. If they would take up the business, possibly there would not be the complaint from the New England Fish Co.; but they will not do it. They have shut them out, and their policy is to keep them out, and they do not propose to permit the Canadian boats to carry this freight; and still they will not do it themselves.

Here is a reply to a letter from the New England Fish Co. asking one of the steamship companies to carry these fish from Ketchikan to Vancouver, which, of course, the American boat is privileged to do, but the Canadian boat is not. This is the reply they got from one of the steamship companies. I will just quote from this letter and then submit the letter, if necessary:

"With the vessels that we are operating we see no present possibility of our being able to handle all of your frozen-fish shipments, chiefly because it seems impractical to include Vancouver, British Columbia, as a port of call for our Seattle-Alaska passenger and freight steamers.

"If your freezing plant were located at Seattle, our home port, I am confident there would be little difficulty in arranging space and service to meet all of your Alaska frozen-fish requirements."

Now, that is signed by one of the agents of the steamship company.

Mr. LAW. Which one?

Mr. SUTHERLAND. It is from the Pacific Steamship Co. and is signed by Mr. H. C. Cantelow, assistant general manager.

Now, there is the policy.

Mr. BRIGGS. Mr. Sutherland, will you hand that letter to the stenographer to be included in the record?

Mr. SUTHERLAND. Yes.

(The letter referred to follows.)

ALASKA FISH.

THE ADMIRAL LINE,
PACIFIC STEAMSHIP CO.,
Seattle, September 15, 1921.

Mr. A. L. HAGER,
Manager New England Fish Co., Vancouver, British Columbia.

DEAR SIR: It was my good fortune to meet Mr. Watts during his recent Seattle visit, at which time we discussed the transportaion problem which faces your company, and particularly our ability to transport from Ketchikan to Vancouver the frozen fish which you desire to move.

With the vessels that we are operating we see no present possibility of our being able to handle all of your frozen fish shipments, chiefly because it seems impracticable to include Vancouver, British Columbia, as a port of call for our Seattle-Alaska passenger and freight steamers.

If your freezing plant were located at Seattle—our home port—I am confident there would be little difficulty in arranging space and service to meet all of your Alaska frozen fish shipments.

I am sorry that you are unable to accompany Mr. Watts to Seattle. I hope I may have the pleasure of meeting you at some future date.

Yours, very truly,

H. C. CANTELOW,
Assistant General Manager.

Mr. SUTHERLAND. Now, that is the policy, and it should be called a dog-in-the-manger policy. "We won't carry the freight into Vancouver; you have got to establish your plant at our home port at Seattle." If the home port was San Francisco, they might say, "You would have to establish it at San Francisco." And they further say, "We have the influence in Washington and the power through our lobbyists to prevent the Canadians from carrying this freight to their own ports, and we will not do it unless you transfer your business to our ports." Now, that is the attitude of these people.

I maintain that any such discrimination as that by Congress against the Territory and the further discrimination by steamship lines is an absolute injustice to Alaska and to the people who are engaged in this industry.

Mr. EDMONDS. Is this Pacific Steamship Co. an American line?

Mr. SUTHERLAND. Yes; it is an American line, and also the Alaska Steamship Co. They run on the same line.

Now, Mr. Chairman, a year ago this fall the New England Fish Co. in developing their business along the coast planned to establish a fish freezer at Juneau of the same size as the one at Ketchikan. Juneau is a port adjacent to the northern halibut fishing banks, the bank of Icy Straits. They proposed to build a plant there, and had really entered into the proposition to the extent of saying they would establish it and that they would go through and build this big plant, which is a very important thing for the city of Juneau and its people. Immediately upon the passage of this act their attorney advised them they were not going to be able to have the service they had received in the past and that they would have to depend on American boats or place boats of their own on the run, and as a consequence they withdrew entirely from that field and confined themselves to Ketchikan. So they are hampered and interfered with in the development of their business, and incidentally the development of the industries of Alaska.

Mr. BRIGGS. Mr. Sutherland, what is the capacity of this plant at Ketchikan?

Mr. SUTHERLAND. I think that plant at Ketchikan freezes about 4,000,000 pounds.

Mr. BRIGGS. A year?

Mr. SUTHERLAND. Oh, no; that is its capacity. They keep moving the fish out.

Mr. THURMAN. It is more than that; it is about six or seven million pounds.

Mr. BRIGGS. I mean within what period of time?

Mr. SUTHERLAND. They probably handle six or seven million pounds in a year, but the capacity of the plant is probably less than 4,000,000 pounds; but when a certain quantity is frozen, these little Canadian boats, with their refrigerator space, passing through get it and carry it to Vancouver.

The question is going to naturally arise, why will not independent lines come in, or why will not the New England people put on boats themselves? Well, that would not be good business, because for the carrying of fish in refrigerator space you can not make an investment in a ship. The refrigerator space in a ship is just an incident to the capacity of the ship; and no capitalist would think of providing refrigerator ships—that is, exclusive refrigerator ships—to go on that run or on any other run. It has to be an incident of traffic.

Mr. EDMONDS. Are there not commercial freezing plants at Seattle?

Mr. SUTHERLAND. Yes; there are freezing plants at Seattle, but here is the essential point. Of course, the transcontinental lines on the American side want to secure all the freight they can. That is natural; but the Canadians, with their northern lines, the Grand Trunk Pacific, had established a port here at Prince Rupert, right at the boundary line of Alaska. This gives them about three days' advantage in transit across the continent into the American market; that is, fish shipped by that line are three days fresher on arrival at Chicago or New York.

Mr. EDMONDS. That does not make any material difference, because they are frozen anyhow.

Mr. SUTHERLAND. If they are frozen that would not make much difference, but it makes quite a difference for the fresh fish.

Mr. EDMONDS. They are shipped on ice, are they not?

Mr. SUTHERLAND. Yes; but every day a fish is kept on ice it deteriorates.

Now, I want to call your attention to another section of the marine act, an old law which is now repealed. It has no force and effect now, but I want to call your attention to what these people put over on us during the war. There was a law enacted, as you will recall, whereby foreign ships could carry between American ports with the permission of the Shipping Board or the Secretary of Commerce, and that permit would be granted to any tramp steamer or foreign steamer to fill up her space between ports. This is the act:

"That during the present war with Germany, and for a period of one hundred and twenty days thereafter, the United States Shipping Board may, if in its judgment the interests of the United States require, suspend the present provisions of the law and permit vessels of foreign registry and foreign-built vessels admitted to American registry under the act of August 18, 1914, to engage in the coastwise trade of the United States: *Provided*, That no such vessel shall engage in the coastwise trade except upon a permit issued by the United States Shipping Board, which permit shall limit or define the scope of the trade and the time of such employment: *Provided further*, That in issuing permits the board shall give preference to vessels of foreign registry owned, leased, or

chartered by citizens of the United States or corporations thereof: *And provided further*, That the provisions of this act shall not apply to the coastwise trade with Alaska or between Alaskan ports."

Now, every port in the United States and in the Philippines, Porto Rico, and in every one of our possessions had this privilege, and it was really a patriotic act, providing for using foreign tonnage for shipping their freight, but not Alaska; and of all the sections of the United States and its possessions Alaska was the one section that required it more than any other, and I question any contradiction of that statement. At that time Alaska was shipping a great deal of fresh iced fish. They had no service from the American boats—that is, I mean, no reasonable service.

These Canadian boats were running down there on schedule time with refrigerator space open and with their deck space also empty because they had no back cargo from Skagway, and still they were not allowed to take a pound of that fish from the dock in Juneau or Ketchikan or Petersburg or Wrangell or any part from which these fish had to be sent south to the States. I have seen steamships of this company on two occasions come into the port of Juneau when there were hundreds of boxes of fish on the dock awaiting shipment, supposing that the ship would take them, and the captain would refuse to take them, and the fish had to remain on the dock. Eventually they went south, but the fish had deteriorated, and in some cases the returns to the shippers on that fish were almost nothing right during the war period, simply because they had deteriorated and were virtually of no use when they got to Seattle, and had to be disposed of for almost nothing.

Mr. CHINDBLOM. That was not salmon?

Mr. SUTHERLAND. No; that was halibut in almost every case, although there was some salmon.

Mr. EDMONDS. The war did not take any ships from the Alaskan run?

Mr. SUTHERLAND. No; but the war increased the shipments on the Alaskan run, and their space was occupied and they had so much business they had to refuse, I presume, to take this fish. When they got to Juneau after they had taken their load of copper ore and possibly canned salmon, their space was occupied to such an extent that they could not take this fish. I know of one particular case where one of the boats of the Alaskan Steamship Co.—I was on the dock at the time that it was refused—was going south to take on canned salmon and her space was reserved for that purpose. The boat was to be loaded at a point farther south, and this large quantity of perishable freight was left on the dock at Juneau in order that she might fill up with canned salmon at a port farther south.

Mr. EDMONDS. Your situation was not any worse than the situation anywhere else in the world at that time?

Mr. SUTHERLAND. Oh, yes.

Mr. EDMONDS. Everybody had that same trouble.

Mr. SUTHERLAND. Exactly, but you would have had the privilege in any other section of the United States of using the space in these empty Canadian boats.

Mr. EDMONDS. But we did not get them.

Mr. SUTHERLAND. You did not get them?

Mr. EDMONDS. No; and right here in the United States we had materials spoil, in Philadelphia, because they could not transport it.

Mr. SUTHERLAND. Well, if there had been foreign boats available you could have transported it.

Mr. EDMONDS. If there had been, possibly so.

Mr. SUTHERLAND. The point is that these transportation people were not even willing to trust the Shipping Board in the matter of giving us permission to ship from Alaska.

Mr. EDMONDS. But the English continued to run boats up there?

Mr. SUTHERLAND. Yes.

Mr. EDMONDS. And did not carry freight?

Mr. SUTHERLAND. No; they carried passengers and tourists.

Mr. EDMONDS. And yet they sent their publicity agents over here in behalf of boats to carry freight and transport troops, as well as everything else.

Mr. SUTHERLAND. By the way, those ships would not be adapted to the business, because they are little boats.

Mr. EDMONDS. They would be adapted to carrying freight, because they are boats of two or three thousand tons.

Mr. SUTHERLAND. Well, they would not be Atlantic Ocean boats, and I presume they could possibly make an ocean run.

Mr. EDMONDS. You know that the *Princess May* is running over here on a regular run?

Mr. SUTHERLAND. Possibly.

Mr. EDMONDS. And they are making regular runs to the east coast now?

Mr. SUTHERLAND. If you can explain to me why that territory should be discriminated against in this act, in the war act, or in any other act, then I will yield. If this act extends to all sections of the United States and places Alaska on an equality with them there will be no objection from Alaska, no protests at all. If this is a patriotic act, then, for God's sake, do not make Alaska the victim of your patriotism, but make it extend to the whole country.

Mr. HARDY. Do you not understand that there might be an American ship that would land there if you allowed those people to have a little freight space?

Mr. SUTHERLAND. Yes.

Mr. HARDY. The people up there do not cut much figure on this question of saving some space for some ships.

Mr. SUTHERLAND. I do not just get the point.

Mr. HARDY. It seems to me that by that exception we ignored the interests and rights of those people for the benefit of some little protection to a ship that migh go there some time or might not.

Mr. SUTHERLAND. Well, that is the point I am trying to make.

Mr. EDMONDS. I think the real trouble was that the Grand Trunk Railroad came in there for the purpose of doing this Alaska business because it had no other business to do.

Mr. HARDY. The trouble about it is that in attempting to settle the war between American and Canadian interests we have sacrificed the interests of the people up there.

Mr. EDMONDS. I hope not.

Mr. SUTHERLAND. That representation has been made, that they had announced they were going into that field and that field could not extend beyond Juneau, and there is no possibility of it. Any man acquainted with the transportation conditions in Alaska will tell you that this freight here [indicating on map], which is the great bulk of the freight that is carried——

Mr. BRIGGS (interposing). I wish you would show for the benefit of the record the places to which you are referring.

Mr. SUTHERLAND. From western Alaska, the copper mining country, the fish-producing section of western Alaska, and from the Gulf of Alaska. That freight could never be interfered with by the Canadian lines for the reason that that freight is destined for Seattle. It can not be transferred in any way to any Canadian line, and there is no possibility of the business of the Canadians extending to any material extent beyond the transportation of fish.

Mr. EDMONDS. Did they not run a line over to Cordova?

Mr. SUTHERLAND. No. There would be no business for them there; at least, they would have no freight, but they might possibly carry passengers. They have an immense tourist business in the summer and they could carry passengers there but no freight.

Mr. EDMONDS. In 1917 they had some kind of a motor boat running over there.

Mr. SUTHERLAND. To Cordova?

Mr. EDMONDS. Yes.

Mr. SUTHERLAND. I never heard of that.

Mr. GARFIELD. I will say for the information of the committee that the boat which was operated by the Grand Trunk was the *Tillanook*. It was a motor boat and her operations were confined entirely to the waters of southeastern Alaska and British Columbia.

Mr. SUTHERLAND. But it did not go to Cordova?

Mr. GARFIELD. No.

Mr. SUTHERLAND. Mr. Garfield is deputy collector of customs and he would know.

Mr. GARFIELD. I am merely stating that as a matter of information for the committee.

Mr. SUTHERLAND. Now, gentlemen, the Grand Trunk Pacific Railroad should naturally carry the fresh fish out of Alaska, and that business belongs to it in every way. They are 600 miles north of Seattle; they have the facilities for handling the fish, and regardless of what attitude Congress might take in the way of legislation to prevent them I feel sure that eventually the fish of the North Pacific are going through Prince Rupert and over the Grand Trunk Pacific into the States, for the reason that it means a three-day advantage in

the shipment of fresh fish and the people ought to have it. That fish can not continue to go through Seattle. I feel confident of that. There is no reason why it should, and it is unfair and unjust in the way of discrimination against Alaska and its industries that it should go through.

Mr. CHINDBLOM. The main purpose of your amendment to section 27 of the Greene-Jones Act is to secure that change?

Mr. SUTHERLAND. That is all; it just changes one word.

Mr. CHINDBLOM. Is it the main purpose of your amendment to make it possible for that fish trade to go by the Grand Trunk instead of through Seattle?

Mr. SUTHERLAND. It goes that way now; the great bulk of the fish destined for eastern ports goes over the Grand Trunk.

Mr. CHINDBLOM. You said a moment ago that no matter what legislation Congress may pass or may have passed, as I understood you, it will go that way. Will the amendment proposed by you, changing the words "excluding Alaska" to "including Alaska" at all affect that situation if it is now going over that route?

Mr. SUTHERLAND. The point is this, that American boats can carry this fish from Alaska to the Canadian railroad terminals and it would go on east, but the proposition is, as shown in the letter from that steamship company, that they will not do it. They have had this act passed by Congress and they say, "You come to Seattle and we will handle your fish in our refrigerator space, but we will not go into Vancouver," which is right on the line to Seattle and about 100 miles away from Seattle. They say, "We will not do that."

Mr. EDMONDS. But American steamers go into Prince Rupert.

Mr. SUTHERLAND. I do not know whether they go in now at all.

Mr. CHINDBLOM. If refrigerator space were provided at Prince Rupert they could do it.

Mr. SUTHERLAND. They have refrigerator space there, but I think the frozen fish will for some time come down to Vancouver. They have refrigerator space in Prince Rupert, but it is Canadian space; they own that.

Mr. EDMONDS. The only relief you will get is that Canadian ships will be able to carry this supply from Ketchikan to Price Rupert or Vancouver, and to-day American ships carry it to Prince Rupert, but not to Vancouver.

Mr. SUTHERLAND. You are in error. I am speaking of the fishing boats that land at Prince Rupert.

Mr. EDMONDS. There is no reason why the New England Fisheries Co., with their plant at Ketchikan, can not take an American ship to Prince Rupert.

Mr. SUTHERLAND. They will not do it. The American ships will not carry it.

Mr. EDMONDS. Why not?

Mr. SUTHERLAND. I do not know.

Mr. EDMONDS. American ships stop at Prince Rupert, do they not?

Mr. SUTHERLAND. I do not think so. It is possible that a boat of the Pacific Steamship Co. may call in there occasionally, but my impression is that they do not call regularly. At one time they had a passenger service, but they carried no freight, and to-day they will not carry any freight. Now, if they would go into Prince Rupert or Vancouver and give them good service with their refrigerator lines I do not know that I would have any objection.

Mr. EDMONDS. From your own statement this would have no effect except in Alaska.

Mr. SUTHERLAND. Well, extend it to the rest of the United States; just place all of the United States on the same basis.

Mr. EDMONDS. Your suggestion is to strike out the entire proviso and extend it to all ocean trade?

Mr. SUTHERLAND. Yes; but if you struck out the section that would effect the Philippines and the Hawaiian Islands.

Mr. EDMONDS. Of course I do not know whether it has any particular effect on the Philippines.

Mr. SUTHERLAND. It has no effect, and it does not mean anything as far as the Philippines, the Hawaiian Islands, and Porto Rico are concerned, but it is in the act in the original section.

The CHAIRMAN. Do any members of the committee or any outsiders desire to ask Mr. Sutherland any questions?

Mr. CLARK. I would like to ask Mr. Sutherland some questions.

Mr. BRIGGS. Give your name to the stenographer.

Mr. CLARK. W. L. Clark, of Seattle.

Mr. CHINDBLOM. What is your business, Mr. Clark?

Mr. CLARK. Economist and expert on transportation.

Mr. CHINDBLOM. And whom do you represent?

Mr. CLARK. I am representing at this hearing the National Merchant Marine Association by special request.

Mr. CHINDBLOM. Give us some idea who the National Merchant Marine Association is.

Mr. CLARK. The secretary of the National Merchant Marine Association is here, and he can probably give you that information.

Mr. CHINDBLOM. Let me explain to all of the gentlemen that we want something in the record to show who the gentlemen are that address us. If a gentleman comes here and says his name is John Jones and makes a speech, it does not carry much weight unless we find out who he is.

Mr. CLARK. Mr. Chairman, will you read into the record this letter from the president of the National Merchant Marine Association?

The CHAIRMAN. This is from Joseph E. Ransdell, president of the National Merchant Marine Association, and it reads as follows:

"It has been brought to my attention as president of the National Merchant Marine Association that a hearing will be held on Friday, October 28, before the House Committee on Merchant Marine and Fisheries on legislation designed to amend secton 27 of the Jones bill. I further understand that this legislation, if enacted, would permit the invasion of our coastwise trade by foreign vessels.

"This association, of course, views any attempt to allow foreign shipping interests to make further incursions upon our carrying trade as not to be thought of.

"Knowing that you have a full knowledge of the situation and the dangers it presents to the development of the American merchant marine, I ask, on behalf of the association, that you appear at this hearing for the purpose of expressing our unqualified opposition to this measure."

The letter is addressed to W. L. Clark and is signed by Joseph E. Ransdell, president.

Mr. CHINDBLOM. That is Senator Ransdell?

The CHAIRMAN. Yes.

Mr. SUTHERLAND. I would like to know whether any Alaska steamship companies are connected with this organization.

The CHAIRMAN. I do not know. You may ask any questions you like, Mr. Clark.

Mr. CLARK. Thank you, Mr. Chairman; Mr. Wiltbank, the secretary of the association, is here. Mr. Wiltbank can answer that question.

Mr. WILTBANK. What is the question?

Mr. CLARK. The question was whether any Alaska steamship companies are members of this association.

Mr. WILTBANK. Yes.

Mr. CHINDBLOM. Of the National Merchant Marine Association?

Mr. WILTBANK. Yes. On the governing council we have representatives of practically all the large American steamship associations, and that includes some of the Alaska lines.

Mr. SUTHERLAND. Which particular ones?

Mr. WILTBANK. The Pacific Steamship Co. and the Pacific Mail Co. on the coast.

Mr. SUTHERLAND. Then Mr. Clark is incidentally representing the Pacific Steamship Co.?

Mr. WILTBANK. He is representing the association, at Senator Ransdell's request.

Mr. SUTHERLAND. But incidentally the Pacific Steamship Co., with which he has been connected for a great many years and with which he was connected at the time this clause was placed in the merchant marine act.

Mr. CLARK. I will state that I have not been connected with the Pacific Steamship Co. a great many years. I am not appearing for the Pacific Steamship Co., nor at their request, nor with their consent. If anything, I would say it was with their opposition.

Mr. SUTHERLAND. All right, I wanted to get the record clear.

Mr. CLARK. Also, I am inclined to believe that the Pacific Steamship Co. is not even a contributing member to the National Merchant Marine Association, and I doubt whether the Alaska Steamship Co. is.

Mr. WILTBANK. That is quite true; they are not contributing members of the National Merchant Marine Association, nor is any one connected with them, so far as I know.

Mr. SUTHERLAND. Did you not represent the Pacific Steamship Co. at the time this clause was placed in the Greene-Jones Act?

COASTWISE SHIPS OF GREAT VALUE IN WORLD WAR.

Mr. CLARK. When the war emergency legislation (H. R. 5609), containing a proviso which would prevent foreign ships from operating in the United States trades with Alaska was up for consideration by this committee, I was representing the Alaska fisheries as the secretary of the Association of Pacific Fisheries. My engagement with that association was of such character that I was authorized to do anything that would help develop Alaskan fisheries as a national institution and would prevent them from becoming international or Canadian. Because of my knowledge of Alaska transportation conditions I was asked by the steamship companies to also appear for them before this committee. I consented and made such appearance, but without compensation. Mr. Edmonds mentioned having before him a copy of the statement which I made at that time. It is accompanied by supporting facts which are part of the record of this committee. At that time we exposed a most adroit foreign plot against our national merchant marine, a plot aimed at the only shipping which had been left to this country, viz: that in the coastwise trades.

Our coastwise ships were the salvation of this country at the beginning of the war. Our policy from the beginning of Government to confine our coastwise trades to vessels of the United States had resulted in our becoming the second maritime power in the world. We had, however, to go to a British record to ascertain that fact. It was not generally known to the American people, but for obvious reasons both Germany and Great Britain had made it their business to ascertain both the tonnage and the character of our ships. The British Blue Book issued just prior to the war contains the following statement:

"The present policy of the United States to exclude foreign-built ships from her coastwise routes has developed a fleet of ships built in the United States and flying the American flag, trading in the Atlantic and Pacific coasts, in the Gulf of Mexico, and on the Great Lakes, surpassing in tonnage the combined coastwise fleets of the leading maritime nations of the world, and it is chiefly due to this enormous volume of domestic tonnage that the United States ranks to-day as the second largest maritime nation of he world."

Do not forget that it was not the ships we built during the war that won the war; it was the coastwise ships which had come into existence as the result of a 140 years of protection in the exclusive carriage of the merchandise of the United States between one port of this country and another. Irrespective of whether such carriage was direct or via a foreign port. it was required to move in vessels of the United States.

Mr. HARDY. Will you let me ask a question that is general in its nature?

Mr. CLARK. Yes.

Mr. HARDY. In order to protect the special coastwise privileges of the coastwise ships of the United States, are you in favor of absolutely denying an isolated section of our country any service at all?

Mr. CLARK. That is hardly a fair question. I know of no isolated section of our country that is denied a service.

Mr. HARDY. You do know that in parts of Alaska at times they were unable to get transportation because there were no American ships, and they were not allowed to use foreign ships.

SHIPPING BOARD HEARINGS, 1918, REFUTE NECESSITY OF FOREIGN SHIPS.

Mr. CLARK. No. There have been statements of that character made on behalf of Canadian ships, but they were not justified. An investigation based on such statement was made by the Shipping Board. At a hearing by the board held in Juneau, Alaska, certain witnesses urged that the Canadian carriers be permitted, notwithstanding the prohibitory legislation, to enter into the coastwise carriage of fish. As a matter of fact the then Secretary of Commerce by order granted the Canadian carriers immunity from fines if fish were carried from Alaskan ports to an American port, but as that authority was limited to the carrying of fish, the Canadian carriers made little use of it. Fish was the argument, but the general carrying trade of Alaska was the objective. At the hearing in question it was alleged that a large shipment of fish was spoiled because of the impossibility of handling it upon the American ships. The investigation demonstrated, however, that the Canadian carriers could at that time have carried this fish from Juneau either to Prince Rupert or to Vancouver. Also it was pointed out that the fishing boats themselves might have taken this particular shipment on to Ketchikan or even to Prince Rupert. It was also

shown in the record, as I recall, that the fish was not purchased from the fishermen until just prior to the arrival of the American vessel, and that contrary to practice, no space in that vessel had been reserved by the shipper; that the vessel had arrived fully loaded and that the fish could not, therefore, be accepted for an immediate shipment; that request was then made by the shipper that the company discharge the cargo from the lower hold of the vessel to make room for the fish, and was told that would delay the steamer 24 hours; that the *Farragut*, the American steamer, which could not handle the fish, sailed on the 8th of September; that the *Mariposa*, an American vessel, sailed for Seattle on the 7th; that the *Dolphin* and *Humboldt* sailed on the 12th, and the *Northwestern* and *Spokane* the 13th, and that no effort was made to use these American vessels; and that a British vessel could have carried the fish to a market at Prince Rupert on the 9th, but that the shipper made no effort to ship the fish in question other than on the *Farragut* which had no empty or available space in which he was willing to have the fish carried.

It was my opinion, based on known facts, that the matter was so handled and the fish allowed to spoil, as argument for authorizing the foreign ships to engage in the United States coastwise trade, an authorization granted by the Secretary of Commerce notwithstanding the act of Congress to the contrary.

Mr. SUTHERLAND. Let him submit his evidence of that in the record.

Mr. CLARK. The evidence of it is——

Mr. HARDY (interposing). Let me ask one question.

Mr. CHINDBLOM. Let the gentleman finish his statement.

Mr. CLARK. The evidence is to be found in the Shipping Board rate hearing of 1918. Gentlemen, do not forget that every American carrier, whether by rail or by water, is under the jurisdiction of a United States tribunal, at least as to the maximum rate to be charged and the character of the service that must be performed, whereas the Canadian carriers in their operations deny the authority of the Interstate Commerce Committee and deny the authority of the Shipping Board. They ignore the orders of both and decline to make appearances to show the method of conducting their transportation business with Alaska. Is it fair to tie the hands of the American water carriers by legal regulation and at the same time expose them to the cutthroat competition of foreign lines, backed as they are by Canadian railroads which have received enormous cash subsidies from the Canadian Government? Is it in the interest of the American people to take such action upon a petition made on behalf of a fish company whose actual fishing business is conducted principally from Vancouver by a Canadian company headed by a former American who has now become a Canadian citizen and is, I understand, the president of the Fisheries Association of Canada?

Mr. HARDY. Let me ask you this question: How do you——

Mr. CLARK (interposing). It appears that I am being questioned, while I started out to ask questions of Mr. Sutherland.

Mr. HARDY. I do not understand your present observations to be in the nature of asking questions, but that you appear as a witness arguing very strenuously on general principles, and I want to ask you on general principles how it happens that every representative from Alaska, whether a Democrat or a Republican, is always struggling to get out from under the conditions that deprive them of transportation facilities up there? How is it that every one of the Republicans and Democrats seem to come down here and fight that ship monopoly?

Mr. CLARK. Perhaps some of these gentlemen who are here on behalf of these Canadian lines would be able to explain that to this committee.

Mr. HARDY. They are the representatives of the Alaska people, are they not?

Mr. CLARK. Mr. Sutherland is, but just how is the introduction of Canadian shipping going to benefit Alaska and effect better interchange between points in Alaska?

Mr. HARDY. If you were a private citizen there and had fish that was spoiling because you could not get space in an American ship and you had an opportunity to get space in another ship, would you not like to have that right?

Mr. CLARK. Naturally, an individual, unless he be awakened to the patriotic interest——

Mr. HARDY (interposing). Have you ever known of a man who would let his fish spoil from patriotic motives?

Mr. CLARK. I know of no reason why fish should spoil in Alaska, but it is the common practice——

Mr. HARDY (interposing). You do not think that all of the patriotism belongs to the coastwise shipowners?

Mr. CLARK. No; but I'm going to tell you that they exercised a lot of it during the war by continuing to serve shippers at low rates when high rates were available in every other trade where ships operated.

Mr. HARDY. All classes come here and say that.

Mr. EDMONDS. We got it back in excess profits, so what is the use of saying anything about it?

AID OF CONGRESS SOUGHT TO PREVENT LOW RATES BY AMERICAN COASTWISE CARRIERS.

Mr. CLARK. The coastwise transportation system—and I want you to get this—is the only system of transportation in this country which made rates so low that the aid of Congress was sought with the view to preventing the coastwise carriers from competing at low rates with the rail lines. Charges of alleged high rates in the coastwise trades can not be supported by facts. There is no denial of that. When in 1919 and 1920 the Interstate Commerce Commission sought to gain the control of the minimum port-to-port rate of the water carriers, the reason given for such alleged necessity of rate control was that "in the beginning the water carriers in their efforts to obtain the maximum of the traffic made their rates too low."

Mr. HARDY. Was it not a fact that the rates were three times as much from New York to Galveston as from Bremen to Galveston?

Mr. CLARK. I am not so familiar with the rate situation upon the Atlantic as to be justified in answering that question.

Mr. HARDY. That was a statement sent here by the chamber of commerce.

Mr. CLARK. I do know this to be true, however, that if it had not been for the presence of those coastwise water carriers the rate from New York to Galveston would probably have been considerably higher. May I now proceed to ask a question or two of the Delegate from Alaska?

Mr. SUTHERLAND. But first are you in any way connected with the Pacific Steamship Co.?

Mr. CLARK. Any connection I have with the Pacific Steamship Co. does not interfere with my being a "free lance," doing whatever I please in whatever way I please to further the interests of economic transportation for the American people. The Pacific Steamship Co. has on occasions made use of my services when such services to it were compatible with the high ideals I hold with regard to these matters, but never in any other way. They have never used my services in efforts to exclude American competition. They would not be able to do so if they desired, and I have never seen any indication that they desired such representation.

Mr. SUTHERLAND. Are you receiving a salary or a commission from them while you are here in Washington?

Mr. CLARK. I have a retainer from them on other matters; yes. But I am not representing this case for the Pacific Steamship Co. If I were, I would put some additional and salient facts into this record; but I am not representing them here.

Mr. SUTHERLAND. I will acknowledge that Mr. Clark is a patriotic and altruistic man; but I wanted to know whether the Pacific Steamship Co. was interested in his work.

Mr, EDWIN DUFF. I would like to say that as far as the Pacific Steamship Co. is concerned, I am their paid representative in Washington, and I am not here to appear for or against this bill.

Mr. CHINDBLOM. Perhaps it would be just as well now, as at any other time, to say that gentlemen appearing before this committee should not take any umbrage at any question which seeks to bring out the reason why they are here. Unfortunately, I do not happen to know the gentleman, and I asked him some questions as to whom he represented.

Mr. CLARK. I take no umbrage at that.

Mr. CHINDBLOM. I find that witnesses have a practice of standing up and saying, "My name is John Jones," and then they proceed to talk on the measures before the committee. But I want to know who they are, what they represent, and why they are here.

Mr. CLARK. I go so far as to say that it is my view that if Congress would only require their witnesses to come here under oath they would get more facts and less fancies.

Now, Mr. Sutherland, with regard to this particular situation, I believe you stated that these Canadian carriers had cold-storage space.

Mr. SUTHERLAND. Yes.

Mr. CLARK. And that it was impracticable for the New England Fisheries Co., or its Canadian auxiliary, the Canadian Fisheries (Ltd.), to ship its fish in American steamers.

Mr. SUTHERLAND. Oh, no; I made no such statement at all. I said the steamers would not carry it and refused to carry it, as shown in their letter.

Mr. EDMONDS. If American steamers saw that there would be enough freight I am pretty well satisfied they would go to Prince Rupert, and I can understand why they would not go to Vancouver.

Mr. SUTHERLAND. Why not?

Mr. EDMONDS. Because it is out of their way.

Mr. SUTHERLAND. Not so much as Prince Rupert.

Mr. EDMONDS. I think Prince Rupert is right on the line.

Mr. SUTHERLAND. No; not as much as Vancouver.

Mr. CHINDBLOM. Is there any marine expert here who can tell us about that?

Mr. SUTHERLAND. I have been in both ports a number of times.

Mr. CLARK. There is no reason why American carriers should not call at Vancouver except that there is not enough business offered them to justify their calling there.

Mr. A. L. THURMAN. I represent the New England Fisheries Co. and I have a letter from the Pacific Steamship Co. in which it positively refuses to go to Vancouver.

Mr. CLARK. Exactly, but I do not see in the letter addressed by the Pacific Steamship Co. any evidence of an inquiry made of the Pacific Steamship Co. as to whether, if there was any particular quantity of fish offered, they would go there; it simply indicates an answer to general inquiry as to whether the company would call its vessels at Vancouver, without any indication as to the size of prospective shipments or the amount of space that would be required, or whether it was desired the fish should go in cold storage or as open-deck cargo.

Mr. THURMAN. The Pacific Steamship Co. simply said no; they would not transport the fish, that they would not go to Vancouver and did not care anything about the details.

Mr. SUTHERLAND. Let me say something for the record. The Pacific Steamship Co. knew when it received that letter that it meant the refrigerator space in any ship it would send in to Ketchikan.

Mr. CLARK. You stated that these Canadian ships have refrigerator space.

Mr. SUTHERLAND. Yes.

BUREAU OF FISHERIES RECORDS THAT FISH IS NOT CARRIED IN REFRIGERATOR SPACE ON CANADIAN VESSELS.

Mr. CLARK. Here is an official statement from the Bureau of Fisheries in response to an inquiry made by the chairman of this committee. The chairman of this committee asked for information concerning the sold-storage space in steamers from Alaska-Grand Trunk, Canadian Pacific, and American lines, and the answer that comes back from the Bureau of Fisheries is to the effect that "cold-storage space in the Pacific steamship *Watson* is 50; in the *Spokane*, 35; in the *City of Seattle*, 25; Alaska steamship *Alameda*, 23; *Jefferson*, 25; *Northwestern*, 12; *Victoria*, 50. Grand Trunk Pacific, no vessels on Alaska, run. Canadian Pacific"—mark this—"no cold-storage space. All frozen fish carried from Ketchikan to Vancouver open cargo." In view of your statement, how do you account for that?

Mr. SUTHERLAND. That is not so. Is that from the Bureau of Fisheries?

Mr. CLARK. Yes; an answer made after careful investigation into the facts.

Mr. SUTHERLAND. Well, as a matter of fact, I have seen them put fish at Ketchikan in refrigerator space on Canadian boats. But suppose it is open cargo; what is the material difference?

Mr. CLARK. The difference is this: You explained to the committee the impracticability of the New England Fish Co. relying upon their own American steamer for carrying fish to Vancouver because it required refrigerator space, when, as a matter of fact, the fish shipments from Ketchikan to Vancouver are all open cargoes. Refrigerator space is not used in such transportation, nor have the Canadian ships had installed "refrigerator space." That would appear to be confirmed by the fact that the maximum refrigerator space available on any one ship from Alaska is 50 tons, though fish shipments have been in larger quantities. Is that right?

Mr. SUTHERLAND. Well, probably that is right; but the whole point of that is that in certain seasons the Canadian people can carry freight on deck; they can carry that frozen freight on deck in certain periods of the winter season just as well as in refrigerator space. But what is the difference whether it goes in refrigerator space or between deck space? The point is that there are seasons when you can carry the fish between decks as well as in refrigerator space.

Mr. THURMAN. And the fish is covered with ice.

Mr. SUTHERLAND. Yes.

Mr. CLARK. I simply wanted to cover the point that there is no refrigerator space on these Canadian ships that there might be no misunderstanding.

Mr. HARDY. I understand that this company refused to make the shipments it was asked to make.

Mr. CLARK. They were not asked to carry specific shipments and there is no such statement in this record. The letter indicates that they refused to make Vancouver, British Columbia, because they were not justified in calling there.

Mr. HARDY. The letter is simply a refusal, without any inquiry as to what the need would be.

Mr. CLARK. It is just a question, apparently, as to whether they would be willing to make Vancouver a port of call with fish for the New England Fish Co.

Mr. HARDY. Do you think it would be perfectly fair if you were to call on me to know whether I could supply a certain service for me to refuse and then afterwards say I did not know what the facts were, when I had not asked for the particulars?

Mr. CLARK. I will answer that in this way: I would say that if the record that is made here for this committee intended to be or were a perfectly fair record, it would include also the statement that the other American company had refused to carry fish to Vancouver.

Mr. HARDY. But I am talking about this company that does refuse. You are excusing their refusal because you say they were not assured of sufficient business. Now, I ask you the question: When they were asked to make that voyage, or to make that trip, could they not have inquired how much business there would be if they wanted to rely on the lack of business?

Mr. CLARK. I have reason to believe that such inquiries were made and that the company was justified in believing there was no business which would be offered it to justify calling at Vancouver.

Mr. HARDY. We do not like that kind of a statement, because that is an inference.

Mr. CLARK. Neither do I like the inference that they were asked to carry a specific quantity of fish, when such statement is not actually made.

Mr. HARDY. And I have asked you this question, if you sent to me to ask if I would furnish a certain service, and you are rather general in your statement, but you are making an inquiry, and I send you back a flat refusal, do you think it is perfectly fair afterwards to say that the letter of inquiry did not give details?

Mr. CLARK. I have every reason to believe that the flat refusal was based on a very careful investigation of the facts.

Mr. HARDY. What evidence have you of that?

Mr. CLARK. Of what I am permitted to use, no more than you have evidence that they were asked to carry any quantity.

Mr. HARDY. Oh, I have their letter here. I have not read it, but I heard this gentleman say——

Mr. CLARK. But the letter does not say——

Mr. HARDY. You are apologizing or excusing their refusal by saying they did not know there was any business there, and I asked if it was not their business to ask about that?

Mr. CLARK. I have no way of knowing from the letter that they did not ask about the prospective business—rather the contrary.

Mr. THURMAN. The letter, Judge Hardy, I will call Mr. Clark's attention to and yours, stated that they are unable "to handle all of your frozen fish shipments," so from the letter it is quite apparent that the general business of the New England Fish Co. was under consideration and under discussion at that time.

Mr. SUTHERLAND. Mr. Chairman, I would like to call attention to the fact that the record now reads that the other transportation line also refused to take the fish.

Mr. CLARK. The record now made?

Mr. LAW. Where does that record come from?

Mr. SUTHERLAND. From Mr. Clark.

Mr. LAW. No; Mr. Clark has not made any such statement.

Mr. CLARK. On the contrary, the statement I made is that the record does not show that the other company was solicited to carry the business and had refused.

Mr. HARDY. I understood the statement to be that the record did not show that they were asked.

Mr. SUTHERLAND. Then, I will acknowledge my error.

Mr. CHINDBLOM. Let me ask this question for the record. In that letter of the Bureau of Fisheries of August 11, 1921, is the capacity of the different ships stated in tons?

Mr. CLARK. In tons; yes.

Mr. CHINDBLOM. They simply give figures.

Mr. CLARK. I will note also for the record that, though the Delegate from Alaska has suggested that in the summer time they store this fish in refrigerator space, the date of this letter stating the Canadian Pacific has no cold storage is August 11——

Mr. SUTHERLAND. Exactly.

Mr. CLARK. And covers the summer season.

Mr. SUTHERLAND. I want to explain that for the record. These boats carry a very fine line of tourists—people who have gone from the East over the Canadian Pacific Line and then up to the Alaskan waters. They do not want to carry fish in the summer if they can avoid it.

Mr. CLARK. You mean the Canadian vessels won't carry fish in the summer time?

Mr. SUTHERLAND. Yes; by reason of the tourists aboard, they object to the fish; but they will carry it and make every arrangement to if they are permitted to carry it.

Mr. EDMONDS. If they carry it in refrigerator space it will not be objectionable to passengers?

Mr. SUTHERLAND. I presume it is the loading at the docks, and because a certain class of eastern people are very sensitive about being around a fish wharf, and they take that into consideration, because they give a very fine service, and the tourist business is their principal business.

Mr. EDMONDS. I should think it would be very much more satisfactory to the fishmen to carry it in refrigerator boats at any time of the year rather than to trust to the mercy of piling it on the deck with ice on it.

Mr. SUTHERLAND. Most of the iced fish from Alaska is carried between decks, and not in refrigerators—not on the boats—but in cold weather they go to Ketchikan, which is cold, and they will hold the fish there.

Mr. EDMONDS. In other words, the English ships like to have this business in the wintertime and leave it to the American ships in the summer time.

Mr. SUTHERLAND. No; they will take the business all the time if permitted to do it.

Let me correct one statement by Mr. Clark for the record, and that is that these boats landing their fish at Juneau for transshipment could have carried them to Prince Rupert or Seattle. They could not do it—that is a physical impossibility—because they are little boats with two or three and sometimes four men in a boat. Ninety per cent of the fish landed on the dock at Juneau are landed by these small boats. Their speed is comparatively slow. They are boats that go 5 or 6 miles an hour, and they could not go the long distance down to Prince Rupert or to Seattle.

Mr. CLARK. Where are the fish caught that are carried into Juneau?

Mr. SUTHERLAND. Most of them are caught in the Icy Straits or at Cross Sound, right here [indicating on map] in the inside waters. These little boats operate close to land, and the fish landed at Juneau are generally from that section.

Mr. CLARK. Have you any record to submit of the quantity of fish that was landed at Juneau and denied shipment?

Mr. SUTHERLAND. No; but I know there were several quite large consignments because I was there at the time——

Mr. CLARK. That was during the war?

Mr. SUTHERLAND (continuing). And I know that at one time I must have seen 30 tons on the dock refused transportation. I was there when the captain announced from the bridge that he could not take them.

Mr. CHINDBLOM. When was that?

Mr. SUTHERLAND. That was in 1917.

Mr. CHINDBLOM. In the summer of 1917?

Mr. SUTHERLAND. I think it was in the fall as I recall now, but I would not fix that exactly, but it was during war times. I was fishing out of Juneau myself.

Mr. CLARK. In other words that was at a time when the Alaska vessels were being operated for the United States Government.

Mr. SUTHERLAND. What vessels?

Mr. CLARK. All the larger vessels in Alaska.

Mr. SUTHERLAND. I do not know. I know they were loaded with copper and fish coming through and they did not have the space.

Mr. CLARK. They had been commandeered and were being operated for the benefit of the United States Shipping Board under bareboat charter to the board.

Mr. SUTHERLAND. I presume so, but the fact was they did not have the space to carry the freight. The larger fishing vessels operating out here to the westward can carry their cargoes to Prince Rupert, and they do that, and even to Seattle. They ae large boats with greater power.

Mr. BRIGGS. Vessels of what nationality?

Mr. SUTHERLAND. American.

Mr. EDMONDS. Was the offering of freight to these boats at Ketchikan to go to Vancouver of a sufficient quantity to justify the steamer in taking the time to go into Vancouver and unload it?

Mr. SUTHERLAND. I presume if she filled her refrigerator space, it would be. It is not so very far off the route, and they enter into contract with people away off the line of traffic all through Alaska and go to every little place where a cannery operates, much farther off the route than to Vancouver. I do not know about that. That is a matter of transportation, but if the Canadian boats can do it I do not see why the American boats can not.

Mr. EDMONDS. Was there any difference in the rate? Is the rate to Seattle very much higher than the rate to Vancouver or is that the reason they want to ship through Vancouver? Is that the reason the New England Co. wants to ship through Vancouver?

Mr. SUTHERLAND. I have always believed that the New England Fish Co. established their plant at Vancouver for one reason, because they got a good rate over the Canadian Pacific, and another reason was that they got more rapid transit.

Mr. EDMONDS. Is it not a fact that the combination of the railroad with those steamship lines along the coast there is such that whatever a railroad company wants to do so they take off their steamship rate or their railroad rate, with certain rebates and so on, so as to catch the trade?

Mr. SUTHERLAND. I am not acquainted with that. That is beyond me, but Mr. Clark is a transportation man.

CANADIAN CUT RATES.

Mr. CLARK. I submitted to the Interstate and Foreign Commerce Committee, in connection with the transportation act, 1920, expense bills which showed that on United States merchandise carried between Alaskan ports and Vancouver for certain people by the Canadian carrier there were preferential rates granted which were not granted to shipments of like character handled for Canadians for the same points in Alaska from Vancouver. You must take into consideration that these Canadian water carriers are owned by Canadian railroad companies, and that the profit to those railroad companies is from the long haul. Not being under rate restriction controlled by the United States, and being able to discriminate between patrons without being hauled before an Interstate Commerce Commission or a Shipping Board, they make preferential rates where such rates operate to divert the business away from American carriers and ports to Canadian carriers and ports. I wish to ask the Delegate from Alaska whether, in his opinion, there is equal justification for an American carrier, losing money to accommodate shipments to Vancouver, that there would be in trying to accommodate some outlying place in Alaska, such as he mentioned, so as to permit its people to have access to the cities of Alaska, where they could do their trading, or in carrying Alaska freights through to another American port?

Mr. SUTHERLAND. Yes.

Mr. CLARK. You think there is?

Mr. SUTHERLAND. Oh, yes. You are handling perishable freight and those people want rapid movement of it.

Mr. CLARK. Do you expect to submit the testimony at this hearing of your principal complaining witness a practical official of New England Fish Co., or the Canadian Fisheries (Ltd.), or are we only to have them write a letter into this record and stay away from cross-examinations at these hearings?

Mr. SUTHERLAND. No; they are here with their attorneys.

Mr. CLARK. I realize they are here by attorneys, but what I would like is to ask a few questions of somebody who knows the practical operations of that company, its origin, and its organization.

Mr. THURMAN. I want to come to that, if I may have the opportunity, and explain their operation in detail.

Mr. CLARK. I will be glad, then, to reserve my questions and ask them of Mr. Thurman in connection with that matter.

STATEMENT OF MR. A. L. THURMAN, ATTORNEY AT LAW, WASHINGTON, D. C.

Mr. THURMAN. Mr. Chairman, while there has been a great deal said about the New England Fish Co. in the general discussion, I think for the purpose of this record the operation of the company should be set forth in detail and the effect of this law upon that business.

Mr. CHINDBLOM. Do you want the gentleman to proceed now, Mr. Clark?

Mr. THURMAN. I supposed he did.

Mr. CLARK. I am through with questioning the representative from Alaska for the time being.

Mr. THURMAN. I will make this as brief as possible. In the first place, the New England Fish Co. is a corporation organized under the laws of the State of Maine—an American corporation.

Mr. CHINDBLOM. When you say "an American corporation," do you mean that the majority of its stock is owned by Americans?

Mr. THURMAN. Oh, yes; I do not know about all the stock, but it is a corporation organized and existing under the laws of the State of Maine.

Mr. CHINDBLOM. What do you know about the ownership of the stock?

Mr. THURMAN. All of it is owned by American citizens. It has its principal office in Boston, Mass., with other offices scattered throughout the country and in Canada.

Mr. SUTHERLAND. Will you permit me to interrupt and say that it is one of the oldest fishery concerns on the Atlantic coast, as well as on the Pacific, and has been operating in Boston for years. I remember that when I was a boy it was one of the largest concerns there.

Mr. THURMAN. The Canadian Fishing Co. (Ltd.) is a corporation organized under the laws of British Columbia, having its principal office at Vancouver. The majority of the stock of that company—I think 95 per cent—is owned by the New England company.

Mr. CHINDBLOM. You do not mean owned by stockholders of the New England company, but actually owned by the company itself?

Mr. THURMAN. By the New England company.

Mr. CHINDBLOM. By the corporation itself?

Mr. THURMAN. By the corporation. It is a holding company. For many years the New England company has owned and operated a freezing and cold-storage plant at Ketchikan, Alaska. That plant accumulates each year a large stock of frozen fish of different varieties, which frozen fish have heretofore always been shipped to Vancouver on vessels belonging to the Canadian Pacific Railway Co. The plant at Vancouver, which is owned, as I say, by the Canadian company, is used as an assembling plant and a distributing plant. The fish are sent from Ketchikan, consigned by the New England company to the Canadian company, and the accounts of the two companies are kept entirely separate. The duty, when they go into Canada, is paid, and they are put into bond and they are kept some four months or six months or perhaps a year awaiting orders to the distributing company. In other words, the fish go from the New England company to the Canadian company at Vancouver and thereupon are distributed upon orders either to Canada or to the United States or wherever the orders may call for.

Mr. CHINDBLOM. But the reshipment is made by the Canadian Fish Co.?

Mr. THURMAN. The reshipment is made upon orders received by them. In other words, when the fish leave Ketchikan the officials of the New England company have no idea as to the ultimate destination.

Mr. HARDY. Right there: If they go to this distributing point, which is in Canada, and pay the duty required, if they are afterwards distributed to the United States they get back that duty?

Mr. THURMAN. Yes, sir; that is refunded.

Mr. HARDY. But if they are sent into Canada the duty remains.

Mr. THURMAN. Yes, sir.

Mr. CHINDBLOM. Do they have to pay a duty in there, or can they go in bond?

Mr. THURMAN. I think they go in bond.

Mr. CHINDBLOM. Of course, that is immaterial, but I thought I would get the information if you had it.

Mr. THURMAN. The fish are placed in the Canadian Government bonded warehouse at Vancouver and, if subsequently sold for export, no duty is paid to the Canadian Government on them, but if they are sold in the Dominion of Canada the duty is paid on the invoiced value as to the portion so sold in Canada. That answers your question, Mr. Hardy.

Mr. HARDY. Yes; that is exactly what I was asking about.

Mr. THURMAN. Now that, gentlemen, is the operation.

Mr. HARDY. Let me get that clear by repetition. The New England company is an old American company all owned by American citizens?

Mr. THURMAN. Correct.

Mr. HARDY. It is a holding company and it owns this Canadian company stock—95 per cent of it?

Mr. THURMAN. Yes, sir.

Mr. HARDY. So that when you speak of the Canadian company bringing the fish down to Vancouver, it is really an American owned company that brings the fish there?

Mr. THURMAN. Yes, sir. The New England Fish Co., Judge Hardy, brings the fish from Ketchikan to Vancouver.

Mr. HARDY. I thought that was the Canadian company?

Mr. THURMAN. No; the Canadian company is located at Vancouver and that is the distributing company from Vancouver upon separate and distinct orders. The companies are separate and distinct.

Mr. HARDY. It is called a Canadian company but is owned by the American company?

Mr. THURMAN. Yes.

Mr. CHINDBLOM. Let me ask whether the Canadian Fishing Co. does business on its own account in Ketchikan?

Mr. THURMAN. No, sir.

Mr. CHINDBLOM. Or anywhere an Alaska?

Mr. THURMAN. No; I think not. It is simply the representative and distributing agent for the New England Fish Co. at Vancouver as I understand. I think that explains generally the method of operation.

Now, I may say that when this act was passed we submitted the matter to the Attorney General or, rather, first to the Secretary of Commerce, who in turn referred it to the Attorney General, we claiming that this operation excluded us from this law in that there were two separate and distinct voyages; that the voyage was not continuous from Ketchikan to the point of ultimate destination. In other words, there was a voyage by a Canadian vessel or a foreign vessel from Ketchikan to Vancouver and there it ended and that was perfectly legal and all right. Then the other voyage wherever the order for the fish might have come from and the fish were sent there and that was a separate and distinct voyage and therefore the transportation from Ketchikan to Vancouver by a Canadian vessel did not affect the transaction.

Mr. CHINDBLOM. Of course, the title to the fish never changed?

Mr. THURMAN. The title to the fish went to the Canadian Fish Co. It was shipped from the New England company to the Canadian company and sold by the Canadian company.

Mr. CLARK. Sold back to the New England company.

Mr. THURMAN. No; to points of distribution throughout the United States wherever they may have received orders.

Mr. CHINDBLOM. Then who accounted for and distributed the profits from that business, the New England company or the Canadian company?

Mr. THURMAN. The accounts are kept, as I understand it, separately, and the Canadian Fish Co. accounts for the transaction from the time the fish left them until they were sold. Those sold on orders in the United States by the New England Fish Co.—the New England Fish Co. would keep those accounts.

Mr. CHINDBLOM. There never would be any profit then from the New England company to the Canadian company?

Mr. THURMAN. No; that is correct.

Mr. CHINDBLOM. They would simply make that a nominal transaction?

Mr. THURMAN. The New England company owning the Canadian company.

Mr. CHINDBLOM. I understand that. I am trying to get at whether you actually pass the title to the fish?

Mr. THURMAN. In answer to that I will say, Mr. Chindblom, that the Solicitor for the Department of Commerce—and it was afterwards affirmed by the Attorney General—held that that was a continuous voyage as contemplated by this provision and that this transaction fell within it, and therefore it was illegal.

Mr. CLARK. Did the title to these fish change and pass to the Canadian Fisheries (Ltd.), or did they simply act as agents for the New England Fish Co.?

Mr. THURMAN. I do not know that I can tell you that. The transaction, as I am advised, was that they were shipped by the New England company to the Canadian company at Vancouver. It is one transaction, because it is one company.

Mr. CLARK. The question arises here in this way: It has been argued that if this law was not changed it would increase the cost of fish to American consumers.

Mr. CHINDBLOM. Will you permit me to suggest that evidently the opinion of the solicitor of the department was based upon the theory that the title did not pass.

Mr. CLARK. I do not think it is a question of title. I think the opinion of the solicitor was based on the fact that the merchandise itself is all that is involved as the controlling factor, irrespective of who owns it.

Mr. THURMAN. I have not a copy of the opinion here.

Mr. CHINDBLOM. That may be true, and still if the New England company actually retained the ownership all the way through would not the Canadian company be simply an agent handling it for them?

Mr. CLARK. There is a point in connection with that which I would like to bring out here. When this title passes to the Canadian Fisheries (Ltd.) do they bill the fish back to the New England Fish Co. at the same rate at which it was billed to them?

Mr. THURMAN. I can not tell you that.

CANADIAN-LANDED HALIBUT INCREASED 68 PER CENT TO AMERICAN CONSUMERS.

Mr. CLARK. The reason I ask is that Canadian Fisheries' reports indicate that the landing value of halibut in Canada, as compared with the export value of the same halibut from Canada, shows 68 per cent increase in value from the time of landing to the time it passes over the border into the United States, and I was wondering whether the New England Fish Co. handled its business in the same manner, and, if so, how there could be a cheapening of the fish to the American public by handling them through Canada?

Mr. THURMAN. I do not know, and I can not see the applicability of that to the question here under consideration.

Mr. CLARK. It has no applicability except as to this point: The New England Fish Co. have in their letter claimed that their failure to be able to handle fish on the Canadian vessels will greatly increase the cost to the American consumer.

Mr. THURMAN. The whole situation, as I look at it, is this: You have an old, established American concern engaged in the Alaskan fisheries, with an assembling plant at Ketchikan. They also have a distributing plant at Vancouver. I do not care whether you say the Canadian company owns the other one, or whether it is the same company or not, they have a distributing plant at Vancouver, which they had a perfect right to establish. Now, they handle from six to seven million pounds of fish, and there is no way, when the facts are shown, that they can transport those fish except through the Canadian vessels.

Mr. CLARK. That is, to Vancouver? It will be shown that you can transport them to Vancouver. But you will admit there is a way by which they can reach the American markets?

Mr. THURMAN. Yes; by dismantling a plant and junking a great big investment in order to go to Seattle under irregular routes. There is nothing fair about that.

Mr. CLARK. Has not the matter been fairly stated by the Delegate from Alaska when he said that the reason they wished to go to Vancouver was because they got a preferential rate over the Canadian rail lines?

Mr. THURMAN. Well, suppose they do?

Mr. CLARK. That is just the point I had in mind.

Mr. THURMAN. Whether they do or not I do not know, but if they do there is no objection to it so far as I can see.

Mr. CLARK. This is the only objection I see to it. The Congress at the present time is confronted with the question of what they are going to do with the American transportation systems——

Mr. THURMAN (interrupting). They are not in business for the health of some people running boats up and down the coast.

Mr. CLARK. The Congress is confronted with the question of what they are going to do with the American transportation systems; what is necessary to be done in order to furnish economical transportation for the American people. If that business which is properly United States business is to be diverted by cut rates to Canadian rail lines, which are not subject to control by an American tribunal, you are going to find our own transportation conditions growing worse and costs to our own people increased instead of decreased.

Mr. THURMAN. Yes; but, Mr. Clark, you now ask, in order to carry out your contention, that these fish be sold to the United States, the dismantling of a plant and the junking of a big investment at Vancouver which was perfectly legitimate and legal when it was established.

Mr. CLARK. Your plant would not be dismantled. It would be continued to accommodate your Canadian fleet fishing from Vancouver for both American and Canadian markets. All I ask is that there be a national consideration given to our fisheries instead of a Canadian consideration.

Mr. THURMAN. When you say that you eliminate not only the people of Alaska who are engaged in the fisheries but you eliminate every man, woman, and child in the United States who eats fish.

Mr. CLARK. You were in the Department of Commerce in 1916 and, if I am not mistaken, you had a part in drawing up a measure that was proposed to the Congress at that time which read somewhat like this:

"Ninety days from and after the passage of this act no fresh or frozen fish taken from the north Pacific Ocean or its tributary waters shall be permitted to enter the United States through a foreign country except the same shall be in bond from an American port."

Mr. THURMAN. I do not recall anything about that.

Mr. CLARK. At that time and up to the present time——

Mr. THURMAN (interposing). What has that got to do with this question?

Mr. CLARK. The fisheries of Alaska—and I will mention the names of some of the companies—the Booth Fisheries Co., the San Juan Fishing & Packing Co., the National-Independent Fisheries Co., these being among the largest fisheries companies, all employing American vessels in the handling of their fish business, and, so far as permitted to do so by their Canadian competition, handling their business through American ports from Alaska—these companies were backing that American measure——

Mr. THURMAN (interposing). What has that to do with this question?

Mr. CLARK. At that time the New England Fish Co. was opposed to the legislating for Alaska's benefit approved by American fishing interests, and for what reason? Because of the company's great investment in Canada and its advantage over other American fishing interests.

Mr. THURMAN. That supposition——

Mr. CLARK (interposing). It is not a supposition.

Mr. THURMAN. I do not see any use in prolonging the discussion here before the committee by bringing in what happened in 1916. The question is whether or not there are American vessels to carry the fish of the New England Fish Co. from Ketchikan to Vancouver?

Mr. CHINDBLOM. I think it should be stated on behalf of the committee that the committee is interested in ascertaining whether traffic is being diverted through foreign countries away from American transportation facilities.

Mr. THURMAN. I do not believe for a minute that if the New England Fish Co. had transportation that in any way compared with the transportation furnished by the Canadian vessels, or if it could have transportation by American vessels there would be any objection to taking American vessels. For instance, take the Pacific Mail Steamship Co., and they refused positively to transport this season's pack.

Mr. CHINDBLOM. There are, of course, conditions offered that might affect our judgment——

Mr. THURMAN (interposing). I am advised, but I have no statement in regard to that except statements from our representatives, that other big steamship

companies have done the same thing. Nowhere have we found or been told where we are going to get that transportation other than by these methods—that is, you might rely on some tramp steamer going to Ketchikan ever so often, but when you can use these vessels for the transportation of fish to Canada they go regularly, although they are not scheduled, and they transport the fish in a way that preserves them. The whole system is one that operates not only as a benefit to the New England Fish Co. but to the people of Alaska and to the people of the United States, and no American vessels furnish anything like it.

Mr. HARDY. Does it not seem that this controversy is one that involves whether we shall use the laws of our country to protect the railroads here against the competition of the Canadian railroads? It is no longer a question of protecting our coastwise ships, but we want to prevent shipment to Vancouver in order to protect the railroads of the United States against the railroads of Canada.

Mr. THURMAN. And for the development of the fishing interest, not at all. I want this committee to give that benefit to the people.

Mr. CLARK. Your statement is that other American carriers have refused to carry fish to Vancouver. Is that hearsay evidence, or what?

Mr. THURMAN. Yes; that is hearsay. I am told that that is so.

Mr. CLARK. It will be demonstrated, I think, before the hearing is over that no such request has been made of any other company.

Mr. THURMAN. Possibly that may be, Mr. Clark.

Mr. CLARK. It is plainly evident that this New England Fish Co. will not handle its fish in any other than the Canadian way, and they make the statement that one American company refused to carry their fish, inferring for the record to influence the committee that all other American companies have likewise refused. I think it is pertinent to show in this record whether this legislation is solicited on behalf of foreign carriers and fish companies whose business is principally foreign or whether it is being solicited on behalf of purely American interests. Is it being solicited so that fish whch comes from Ketchikan may move without restrictions as to a maximum or minimum freight rate through Canada? Is not such movement an unfair competition with fishing interests operating at American ports?

Mr. THURMAN. I am here simply as the representative of the New England Fish Co. for the purpose of securing adequate facilities for the transportation of fish from Ketchikan to Vancouver.

Mr. SUTHERLAND. I am interested in this legislation, and it was an issue in my campaign in Alaska. The people on the southeastern coast of Alaska demand it, and I do not think you will find a person on the whole coast opposed to this legislation with the possible exception of a ticket agent for some American steamship line.

Mr. MCCORD. Did the Legislature of Alaska favor it?

Mr. SUTHERLAND. They passed a resolution instructing the attorney general to test the validity of the act, and the resolution set forth the disadvantages that came to Alaska by the passage of the act.

Mr. CHINDBLOM. What act?

Mr. SUTHERLAND. The merchant marine act.

Mr. CHINDBLOM. What part of the act?

Mr. SUTHERLAND. Section 27.

Mr. CHINDBLOM. Section 27 of the merchant marine act?

Mr. SUTHERLAND. Yes, sir; that is the only one that affects Alaska.

Mr. CHINDBLOM. Have any steps been taken to test it?

Mr. SUTHERLAND. Yes; it was tried in court last year.

Mr. CHINDBLOM. And the section was sustained?

Mr. SUTHERLAND. Yes.

Mr. CHINDBLOM. By the Federal court there?

Mr. SUTHERLAND. Yes; by the Federal court. They held that Alaska, not being a State, the antidiscriminatory clause of the Constitution did not extend to it.

Mr. HARDY. The question was whether they had a right to discriminate against Alaska?

Mr. THURMAN. That was the point at issue.

Mr. CLARK. Are you familiar with the ownership of the fleet of the New England Fish Co.?

Mr. THURMAN. No; I do not know that they have any vessels at all up there.

Mr. CLARK. The following record was made by Mr. Arnold, and I suppose he is the president of your company. He made this statement before the Canadian-American fisheries conference, under date of January 31, 1918——

Mr. CHINDBLOM. At what place?

Mr. CLARK. At Boston. It appears on page 107 of the report of the conference. It refers to their start in the West, with the view to ascertaining whether halibut caught in the North Pacific could be marketed in the eastern markets of the United States. I read from his testimony as follows:

"Mr. ARNOLD. I will say that I am in favor of this proposition as representing the New England Fish Co.

"Secretary REDFIELD. That is, you approve this proposed arrangement?

"Mr. ARNOLD. Certainly.

"Secretary REDFIELD. Do you have any vessels on the Atlantic coast?

"Mr. ARNOLD. No.

"Secretary REDFIELD. Your fleet is entirely on the Pacific?

"Mr. ARNOLD. A Pacific fleet; yes, sir.

"Secretary REDFIELD. And it comprises both American and Canadian vessels?

"Mr. ARNOLD. It does. We just lost one of our steamers. We now have only one steamer that is an American vessel and seven Canadian."

Can the fact that this company has abandoned American fisheries—largely because of the benefit from this plant in Canada and preferential rates over Canadian roads, and has gone over to the use of Canadian fishing vessels—have anything to do with the desire to afford it a further opportunity to use Canadian vessels in competition with American vessels from Alaskan ports?

Mr. THURMAN. Those vessels now being operated in transporting fish from Ketchikan to Vancouver belong not to the New England Fish Co., but to the Canadian Pacific Railroad Co.

Mr. SUTHERLAND. They have not used Canadian vessels at all for that. There were only about 2,000,000 pounds of halibut landed by vessel at the port of Vancouver last year, or approximately 2,000,000 pounds. The business has declined in Vancouver, because they brought it in American vessels operating between Seattle and Alaska.

Mr. CLARK. I am referring to the record made by the president of the company, Mr. Arnold.

Mr. THURMAN. When was that?

Mr. CLARK. In 1918.

Mr. THURMAN. That was three years ago. They are not running any of these vessels now. As Mr. Sutherland says, they are not operating them.

Mr. CLARK. It will be easy to ascertain that for the hearings.

Mr. SUTHERLAND. It will appear that at that time the New England Fish Co. had some splendid fishing vessels on the Atlantic coast that were taken to the Pacific coast for this purpose and no other. The British-chartered vessels that they had were found to be misfit in the fishing industry.

Mr. CHINDBLOM. Under what flag did they operate?

Mr. SUTHERLAND. They were under the British flag.

The CHAIRMAN. Is there anything further, Mr. Thurman?

Mr. THURMAN. I think that is all, except one further statement, Mr. Chairman. I submit that this bill as amended can not be construed as one intended to take away or as taking away anything from American shipping interests on the Pacific coast, because they refuse to handle the very fish that they say is being taken away from them.

Mr. CLARK. Do you imply by that that this would go no further than authorizing these fish shipments if this legislation you are asking for were passed——

Mr. THURMAN (interposing). I am talking about the New England Fish Co., and not anything else. Your bill is discriminatory against Alaska.

Mr. CLARK. You said that American shipping interests have refused to carry these fish and that, therefore, nothing was taken away from them.

Mr. THURMAN. That is true. If I offer you an engagement and you refuse it, and that bill, which allows me to give it to somebody else, is passed, I am not taking anything away from you.

Mr. CLARK. Your statement implies that the only thing handled, if this were passed, would be fish.

Mr. THURMAN. No, sir.

Mr. CLARK. As a matter of fact, the whole direct trade of Alaska would then be open to Canadian carriers, without those same Canadian carriers serving between any two ports of Alaska.

Mr. THURMAN. Anything from Alaska under this amendment——

Mr. CLARK (interposing). How could Alaska, then, be served between its ports in order that it might develop inter-Alaska trading centers?

Mr. THURMAN. I do not catch your meaning.

Mr. CLARK. If those Canadian carriers were permitted unrestrictedly to come into Alaska's trade while there is rate restriction upon American carriers——

Mr. THURMAN (interposing). They are not restricted. This does not prevent American carriers from doing it, but it simply opens the door to the other one also.

Mr. CLARK. You say American carriers are not restricted. There is a restriction on American carriers, and the American carrier must maintain rates——

Mr. THURMAN (interposing). No; you have me wrong there.

Mr. CLARK. Do you say there is no restriction?

Mr. THURMAN. So far as this amendment goes, it opens the door. Take the concrete case we have in the New England Fish Co., and it opens the door to a foreign ship line or a Canadian steamship company to do something which the American companies have a right to do—and this bill does not take away that right—but it is something that they can not or do not do.

Mr. CLARK. It opens the door to Canadian carriers to take the cream of the Alaska business at cut rates which the American carriers are not permitted to meet and under conditions with which they can not compete.

Mr. THURMAN. If that operation is for the benefit of the people of Alaska and for the benefit of an American industry and for the benefit of the American people generally, then it ought to be done.

Mr. CLARK. If that be true, then tell me why there should be such an insistence upon rigid controls over American transportation companies——

Mr. THURMAN (interposing). If it is done for the benefit of any industry it should be done for the benefit of the Alaskan people, and certainly——

Mr. CLARK (interposing). My view is that complete regulation of transportation is for the benefit of the American people, because under conditions such as exist to-day, and which you would extend, economical American transportation is impossible.

Mr. THURMAN. If you can show me how running the risk of allowing ton after ton of fish destined for the people of the United States to spoil——

Mr. CLARK (interposing). I do not find that any such risks exist.

Mr. HARDY. Can you tell me why the Alaska coast was picked out and excluded from the benefits of your lines?

CANADIAN VESSELS ENTERED ALASKAN TRADES.

Mr. CLARK. A record was made here this morning by the Delegate from Alaska that the carriers of the Canadian lines were not adapted to war work. They have 40,000 tons of ships there, built on the Mersey and Clyde, which came to British Columbia under their own steam—fine ships capable of carrying passengers and capable of carrying freight. They were capable of rendering a splendid service in the war zones between Great Britain and France, but they were never disturbed. However, vessels were taken from the United States and from the Pacific coast and turned over to the British Government to be maintained in such war service.

Mr. HARDY. Then, this law was passed to remedy the evils done by the Government in the transfer of those ships abroad?

Mr. CLARK. Not at all. It was boasted in the Canadian ports that such action would be taken, and that the fleet of Canadian vessels would then have access to the coasting trade of the United States. They were held in reserve for that purpose. Failing their purpose, they were operated to only about 10 per cent of their maximum efficiency all during the war. You heard the gentleman state this morning that those vessels operated there with no cargo and but few passengers because of the legal restriction in favor of American transportation in Alaska. It was to protect United States vessels against the attempt against our coastwise laws the law was passed. The taking away of the American carriers to serve the British Government necessitated the taking of other American carriers out of Alaska. I was obliged to ride to Prince Rupert on one of those Canadian carriers, although I was able to come back on an American carrier.

Mr. HARDY. Why were you forced to ride on a Canadian carrier?

Mr. CLARK. Because American carriers at that particular time did not take me to Prince Rupert.

Mr. HARDY. You wanted to go to Prince Rupert, and the only ship available was a Canadian ship?

Mr. CLARK. There was no legal restriction to my going to Prince Rupert on an American ship or a British ship had I gone from Seattle.

Mr. HARDY. Would you think it right to prevent you from going on that ship?

Mr. CLARK. No; not at all. Anyway, that was in their coastwise trade. I was in Vancouver at the time. The point I want to make is this, that while American ships were under the restrictions of the Food Administration, serving 50–50 bread and omitting the fourth meal, which people who travel by sea usually are served, the Canadian vessels were furnishing the extra meal and were using about the most edible wheat bread I ever ate. The failure to use the Canadian vessels in war work has been offered here this morning as evidence why we should break down this protection of American shipping. It should be added reason why we should further protect the coasting trade of the United States.

Mr. HARDY. Are there any American ships ready to carry these fish to the places where they want them sent?

Mr. CLARK. I am not appearing in behalf of a specific carrier, but I will say this, that I do not know of any American carrier which, if offered merchandise in sufficient quantity to justify, will refuse to call at a Canadian port.

Mr. HARDY. Do you have any reason to doubt the truth of any statement made by the Delegate from Alaska?

Mr. CLARK. I think the Delegate from Alaska has made his statements as matters have been represented to him and according to the way he believes things to be. I think, however, he has been imposed upon.

Mr. DAVIS. The present Delegate from Alaska is taking exactly the same position that the former Delegate from Alaska took. The former Delegate from Alaska not only took that position, but he charged that this provision was written by the attorney for the Canadian Pacific, or for this steamship line.

Mr. SUTHERLAND. Let me say that the Delegate who preceded me, Mr. Grigsby, asked for time to oppose that clause in the merchant marine bill when it was before the House, but he could not obtain time to oppose it. I understand that he said that he filed a brief in opposition to it.

Mr. DAVIS. He did, and I have a copy of it.

Mr. HARDY. Every representative of Alaska has taken the same position, opposing this discrimination against Alaska. I want to ask you whether the real party interested in it is not the railroads, that do not want transportation taken away from them?

AMERICAN RAILROADS HAVE NOT PROTECTED THEMSELVES AGAINST CANADIAN CARRIERS.

Mr. CLARK. No, sir; I do not think the railroads have ever shown much interest in the problem. I think if they had they might have cured some of the railroad troubles by diverting business away from the Canadian back to the American railroads. I am sure that the American railroads are not nearly so much interested in preventing diversion through Canada of United States freights as Canadian lines are to bring such conditions about.

Mr. HARDY. It seems to me that they are the only ones affected.

Mr. CLARK. If you think we ought to open that trade to Canadian ships, and leave it open to Canadian rail lines, you should read the Interstate Commerce Commission report on Alaska rate hearings of 1915, that you may know what the foreign-owned carriers did to their American competitors upon the Yukon River and how thereafter, when they had eliminated their American competitors they increased rates.

Mr. CHINDBLOM. I want to ask Mr. Thurman whether he can state briefly in a practical sort of way just how this change in legislation contemplated in H. R. 6645 will benefit his company?

Mr. THURMAN. It does it in this way: Under the present act in force, if we transport these fish from Ketchikan to Vancouver over the Canadian Pacific routes, then we can not ship that fish from Vancouver to the United States without danger of confiscation, because the voyage has not been continuous.

Mr. CHINDBLOM. Is that on account of the opinion of the solicitor?

Mr. THURMAN. That is on account of the intent of the law as stated by the Attorney General.

Mr. CHINDBLOM. In other words, they hold that to be a continuous shipment from Alaska to the United States?

Mr. THURMAN. He holds that is a continuous shipment, and, therefore, the provisions of that section of the act would prevent us from doing that, and we

would be subject to a fine and seizure of the cargo if it came into the United States.

Mr. CLARK. Was the New England Fish Co. established at Ketchikan before 1912?

Mr. THURMAN. I do not know.

Mr. SUTHERLAND. It was established there in 1909 or 1910.

Mr. CLARK. How did they handle their fish prior to the interpretation of 1913, permitting foreign ships to carry merchandise in that coastwise trade as an initial carrier ?

Mr. THURMAN. I do not know.

Mr. CLARK. Was 1913 the first time they were able to handle fish at Vancouver in foreign steamers?

Mr. THURMAN. I do not know. I am only advised by them as to the present situation.

Mr. CHINDBLOM. What are you doing with those shipments?

Mr. THURMAN. We are not doing anything with them at all. They are practically at a standstill this year.

Mr. CHINDBLOM. You do not take shipments from Ketchikan to Vancouver and lay them down?

Mr. THURMAN. Yes, sir; they are in Vancouver.

Mr. CHINDBLOM. But you do not take them and lay them down and then forward them to the United States?

Mr. THURMAN. No, sir; in other words, if we did that, we would be subject to the seizure or the forfeiture of our cargo and to fine.

Mr. CLARK. Have you made any shipments at all since the passage of the act?

Mr. THURMAN. I do not know. There may have been some few shipments after the act first went into effect. That could be easily ascertained from the Department of Commerce.

Mr. CLARK. I think it would be well to ascertain from the Department of Commerce just exactly what the status of your situation was in the early days, because my understanding is that those shipments were made in foreign ships in violation of law.

Mr. THURMAN. There have been some seizures from other companies.

The CHAIRMAN. You may obtain that information and insert it in the record.

Mr. GAINES. I would like to ask a question.

The CHAIRMAN. Mr. Gaines represents the Shipping Board.

Mr. GAINES. You said I represented the Shipping Board, but I am not asking any question as their representative. I am here to learn and ask questions purely for information. Do you wish this amendment in order that you may get rates from Canadian lines that the American lines are not permitted by law to give you?

Mr. THURMAN. No, sir. I am not advised as to that at all. I am only advised that they want this amendment in order that their business may be carried on continuously and regularly and in an orderly way, and, as it is now, it can not be done if the transportation from Ketchikan to Vancouver is limited to American vessels.

Mr. GAINES. Would it give sufficient relief if the Secretary of Commerce were permitted to make exceptions and by those exceptions to permit Canadian vessels to carry the shipments that you say American vessels will not take?

Mr. THURMAN. So far as we are concerned, I think that would do; yes, sir.

Mr. SUTHERLND. I want to object to the sentiment that Mr. Gaines has expressed. I do not want the committee to take up with any such sentiment as that.

Mr. GAINES. I did not intend to convey any sentiment, but I am simply endeavoring——

Mr. SUTHERLAND (interposing). I used the wrong word. I meant to say that I objected to any suggestion that would come to the committee that relief would come that way. I want to protest against the suggestion that relief should come in any such way. My purpose is to take away the discrimination against Alaska. As I have said, this was an issue in my campaign, and when I first came to Congress I introduced a bill and I showed that it was unjust in every way to put into the law that discrimination against a remote province of the United States. I knew nothing about the attitude of the New England Fish Co. when I introduced the bill, and I have never had any conversation on the subject with any of them. Probably a month after the bill was introduced Mr. Thurman rang me up and said that he was interested in the bill as the representative of the New England Fish Co. No commercial company in

Alaska had expressed any interest in the bill when it was introduced, but they object to this discrimination against them in the interest of transportation lines in American territory. There is no reason why they should suffer on that account. If it is a patriotic act, why not extend it to the whole United States?

Mr. CLARK. The Delegate seems to think that this legislation was enacted especially against Alaska or that the motive was discrimination against Alaska. Is he not familiar with the fact that this act was intended to protect and benefit the coastwise trade of the United States and that it was only by the strenuous intervention of people acting for the Canadian lines that this proviso was put in by amendment?

Mr. SUTHERLAND. I do not know. The only point is that you were stronger in Alaska than the Canadian lines or the people of Alaska were. When that bill was introduced in the House it had no such clause in it. It was intended to be applied to all of the United States and the Territories alike, but you had the power to go in and have it apply to Alaska in a different way. We hold that it was wrong to exclude Alaska.

SECTION 27 OF MERCHANT MARINE ACT INTRODUCED IN SENATE.

Mr. CLARK. Section 27 was not in the House bill. It was introduced in the Senate to prevent indiscriminate competition by Canadian carriers beyond control by an American tribunal, with American coastwise ships. The question is whether we are justified in preventing Canada from acquiring for its people the benefits from development of Alaska for which the United States public is paying.

Mr. CHINDBLOM. This discussion is very interesting, but can we get some more evidence or facts?

Mr. SUTHERLAND. Mr. Clark, were any ships taken from your Alaska Line for use during the war?

Mr. CLARK. I was with the Association of Pacific Fisheries at that time and had no connection with any Alaska steamship company. There were drafts made for ships of the Alaska lines, but on presentation of the facts regarding the salmon and other fisheries the companies were able to escape them or have the commandeered ships retained in Alaska trades. The Government, however, took ships from the coastwise lines of the Pacific Steamship Co., which made it necessary to put on two other ships to equalize the service.

Mr. SUTHERLAND. Did you take any ships from the Alaska Line?

Mr. CLARK. I understand two vessels were changed as to their routes to equalize the service so that all the people would have a service.

Mr. SUTHERLAND. Were they taken from the Alaska Line or the Pacific Line?

Mr. CLARK. One vessel was taken, I believe.

Mr. SUTHERLAND. What vessel was that?

Mr. CLARK. I do not know.

Mr. SUTHERLAND. Was it taken from the Alaska line?

Mr. CLARK. My recollection is that it was taken from the southwestern Alaska service.

Mr. SUTHERLAND. Did any other Alaskan transportation company give ships for the war?

Mr. CLARK. My recollection is that there was such an appeal put up for Alaska—that there would be a tremendous emergency there; that both the steamship companies passed up their opportunity to make big money elsewhere and maintained their Alaska services, practically intact, except for the commandeer mentioned.

Mr. SUTHERLAND. Did they have the same fleet in Alaska during the war as prior to the war?

Mr. CLARK. I can not answer as to that.

Mr. SUTHERLAND. You think so?

Mr. CLARK. I do not know positively.

Mr. SUTHERLAND. I can not get an answer on that point. Another point that I want to make is that during the war period they had the same fleet that they had prior to the war, and under war conditions it was inadequate, and so they had an act of Congress passed that would prevent these Canadian ships carrying the freight which they could not carry. That is the point that I want to get into the record.

Mr. CHINDBLOM. Have you anything more?

Mr. CLARK. Any more questions?

Mr. CHINDBLOM. Any more evidence?

Mr. CLARK. No.

Mr. CHINDBLOM. I think the committee should have something to say about the conduct of the hearings. Mr. Chairman, let the witnesses who testify or who have something to say present the facts, then when another witness comes if anybody wants to cross-examine him, that is well and good.

Have you anything further to put into the record?

Mr. CLARK. Not to make a statement, but I may desire to ask questions. I am not prepared to make a statement at this time.

Mr. DAVIS. You have inserted quite a number of statements in the record.

Mr. CLARK. Yes; I have.

Mr. DAVIS. What is your connection with this proposition?

Mr. CLARK. That is a matter of record.

The CHAIRMAN. That is a matter of record. He was authorized to represent the National Merchant Marine Association, of which Senator Joseph E. Ransdell, of Louisiana, is president, who gave him authority to appear before the committee, signed by the president of the Merchant Marine Association.

Mr. CHINDBLOM. Then you do not desire to proceed any further at this moment?

Mr. CLARK. At present?

Mr. CHINDBLOM. Yes, sir.

Mr. CLARK. No; I do not desire to proceed further.

Mr. CHINDBLOM. Not now.

Mr. CLARK. Not now.

STATEMENT OF MR. H. C. STRONG, KETCHIKAN, ALASKA.

The CHAIRMAN. Whom do you represent?

Mr. STRONG. I represent myself only. I was asked to come here by no one. I did not know of this bill being introduced until yesterday, when the chairman handed me a copy of the bill. I was called East by the Government to appear as a witness in another matter.

Mr. CHINDBLOM. You were with us until 12 o'clock midnight?

Mr. STRONG. Yes, sir; last night.

This matter is of vital interest to me, and I take a great interest in it. First, I may say that I am here to do what I think is best for Alaska. My interests are all there. I have lived there nearly 24 years. I feel very friendly toward the New England Fish Co. I should like to see everything done to preserve their business in Alaska. It is of great benefit to the country. We ought to have more plants there, but we can not have them under the existing conditions. I think that one of the gentlemen here is taking the wrong tack on this matter. Let me go back. I went to Alaska with nothing, practically. I had enough to build a home and about $2,000 left.

I had been connected with people in years gone by who were in the steamboat business. I was a clerk in a hardware concern. The principal stockholder in that concern was a steamboat man. Naturally, I got interested in the steamboat business. When I went to Alaska I bought a small tug. I started by running locally there. Presently I got another boat. About the time that the New England Fish Co. established their plant in Ketchikan I organized the Northland Steamship Co.

Mr. CHINDBLOM. You live in Ketchikan?

ALASKAN-OWNED STEAMSHIP COMPANY FORCED OUT OF BUSINESS BY CANADIAN PACIFIC.

Mr. STRONG. Yes, sir; I have lived in Ketchikan continuously for close to 24 years. In the company of which I was the president I held 50 per cent of the stock. We built a steamboat at the Seattle Construction Co., a steel vessel, especially for the Alaska trade. At the request of the New England Fish Co. we equipped her with cold storage; her whole entire lower hold was equipped with cold storage, and for some time, I can not tell you how many years, we carried their frozen fish from Ketchikan to Vancouver. The competition or conditions were such that it whittled the rate right down. I could not tell where it came from, but I was told by Mr. Hagar, the manager of the New England Fish Co., who was also a Canadian citizen, that I must carry it at such a rate. I have forgotten just to the cent, but it figured down to $4 and something a ton, which was a very low rate, considering that it required cold-storage facilities for handling.

I carried that business until such time as the expense of doing business and the rates I was obliged to make, I had to quit it. It cost me, as I remember it, about $16,000 additional on that ship to install the cold-storage equipment. We had the compressor and all that, but the additional installation in the hold to carry the fish cost me about $16,000 additional.

Mr. CHINDBLOM. What was the cold-storage capacity of the ship?

Mr. STRONG. I remember one trip coming down to Vancouver on the ship myself, and we sent out a solid trainload of 19 cars that were filled right from the ship, direct into the cars, and moved across the country. Somebody told me that there was a photograph taken of that solid trainload. I did not see the picture. As I say, the proposition got to a point where I simply could not handle it at the rate I was obliged to make. It is bulky and takes up room in a ship. When you equip a vessel with cold storage, understand, you lose a lot of cargo space. In fact, in a small vessel—this vessel would not carry to exceed 600 tons, you lose probably 20 per cent of your cargo space. That is, 20 per cent of the cargo handled north or south. That competition came from the Canadian Pacific Railroad Co.

They have vessels of their own, and they have since carried that business, not as Sutherland has said—he has been misinformed, they have slipped something over on him—they have carried that as open cargo to Vancouver and are now doing it. I have seen them do it in the last two weeks. There is no cold-storage equipment—they put it in the hold of the vessel. First, they go to a sawmill and get sawdust, and they put that into the cold-storage plant and freeze it up, and then they put a layer of that over the bottom of the ship, on the steel plates, and then the frozen fish is put in and more sawdust is chinked down around the sides.

Mr. SUTHERLAND. That is virtually refrigeration.

Mr. STRONG. They put that in each trip. As I say, we were not permitted to do that. When we went in to load the fish we had to have the temperature of the hold down to a certain degree—17 or 18.

Mr. CHINDBLOM. Who required that?

Mr. STRONG. The New England Fish Co., but understand, I would not say one word against them. The conditions got so that I could not continue to operate at a profit, and I sold out my steamboat business in 1915. I will say that during the time that I was operating this steamboat business I saved the Alaska citizens a great deal. I tried to give them facilities and all that, but the conditions got where I simply could not continue.

Mr. DAVIS. What is the present rate on the same traffic that you got four dollars and something for?

Mr. STRONG. I do not think that the Canadian Pacific Railway ever got any more, but the tariff rate is $4 per ton; they cut it down to a rate that it could not be carried for, and the Canadian Pacific Railroad Co. got it for the long haul across the continent. Let me tell you that fish moving from the Pacific coast to the East carries a very high freight rate. I came across the country on a train where there were seven express cars on our passenger train. The average express charges on each of those cars East were approximately $1,000. That is fine business for the railroads.

I think that this entire showing that is being made here by the New England Fish Co. is being made entirely in the interest of the Canadian Pacific Railroad Co. Let me tell you. The Canadian Pacific Railroad Co., as I understand, and I have gotten it from people connected with the New England Fish Co., set aside a nice tract of land in Vancouver, where the New England Fish Co.'s plant or the plant of the Canadian Fish Co. are constructed, and they have their cars run right in from the Canadian Pacific Railroad. They have fine facilities.

Mr. CHINDBLOM. When you say "set aside" what do you mean?

Mr. STRONG. Set aside for their plant. I never felt sore at the New England Fish Co. for loss of business, I just went ahead. I went to other lines. When I am up against something hard, I try to find a way out. I have been engaged in half a dozen different lines and I feel that I have always made a success. I have gotten ahead a little bit all the time.

Ever since we have ceased to handle the frozen fish the Canadian Pacific Steamships have handled it. When the Jones bill was passed, it looked as though it would stop that, and that it might handicap the New England Fish Co. in getting their fish out of Alaska. It was a sort of a cloud, and I commenced to look around for the silver lining. I found it. I think that this bill

is a blessing to Alaska, will be if we work together to get the results that we should have.

Mr. CLARK. This bill or the Jones bill?

Mr. STRONG. The Jones bill just as originally prepared.

Mr. CHINDBLOM. What about the amendment proposed by Delegate Sutherland?

Mr. STRONG. I do not think that we should bother with it at all. I think there is a silver lining to the Jones bill, but I thought when it was first presented it was a cloud. Here is my solution.

Mr. SUTHERLAND. May I ask you a question?

Mr. STRONG. Yes, sir.

Mr. SUTHERLAND. Are you interested in any cold-storage plants in Alaska?

Mr. STRONG. In a small way; yes. While I was in the steamboat business we decided to carry our own insurance—a pretty risky thing for a small company to do, but we did it because the insurance rates were high. There was so much set aside every trip for an insurance fund. Instead of paying it to the insurance company, we created an insurance fund, and we bought a piece of property. We went to work and built a fine concrete building, and practically the entire three upper floors were given over to cold storage and the lower floor was used for other purposes.

Mr. SUTHERLAND. You own an interest in it?

Mr. STRONG. Let me get to it. The Northland Dock Co. is owned by the same stockholders as the Northland Steamboat Co. We put up that building out of our insurance fund and rented it to citizens in the town, who were encouraged to organize the Ketchikan Cold Storage Co. I did not have a dollar of stock in it in any way.

Mr. SUTHERLAND. You have acquired some since?

Mr. STRONG. I will get to that.

Mr. SUTHERLAND. I was getting down to the question of whether you were interested in a cold-storage plant.

Mr. STRONG. I said in the first place that I was interested in a small way.

Mr. SUTHERLAND. You own stock and loaned the money to carry on the business?

Mr. STRONG. I put up that building to encourage fishing in Alaska. I leased that to this company for 10 years, with the privilege of renewal.

Mr. CHINDBLOM. Whatever it amounts to, you own a building which you have rented to a cold-storage company?

Mr. STRONG. Yes, sir. When it came to equip it, it took more money than the cold-storage company thought it was going to take, and I had to loan them $7,500 to complete the equipment, and they begged me to take stock.

Mr. SUTHERLAND. How far is that from the New England cold-storage plant?

Mr. STRONG. About three-quarters of a mile.

Mr. SUTHERLAND. Where do you ship your fish?

Mr. STRONG. Fish is shipped to Seattle.

Mr. SUTHERLAND. By what line do you ship?

Mr. STRONG. On the Admiral Line and the Alaska Steamship Co.

Mr. SUTHERLAND. Where does it go from Seattle?

Mr. STRONG. The cold storage company itself does not ship.

Mr. SUTHERLAND. I understand that you ship to Seattle agents.

Mr. STRONG. No; do not put me up as being in the fish business, because I am not. If you will let me go ahead I will explain this thing. The Ketchikan Cold Storage Co. was organized not to go into the fish business but to provide facilities to Ketchikan so that a man who came along with a schooner load of fish, if he wanted to, could discharge those fish and freeze them and ship them as he saw fit.

Mr. SUTHERLAND. He did not have to sell to the company?

Mr. STRONG. No. We put it in so that it would be independent.

Mr. SUTHERLAND. You created competition?

Mr. STRONG. We created competition in the fish business in that way. We have never bought any fish to be frozen ourselves or resold. It was simply a custom plant.

Mr. SUTHERLAND. Where does the fish go to after frozen in the plant at Ketchikan?

Mr. STRONG. They go to Seattle.

Mr. SUTHERLAND. To whom?

Mr. STRONG. Sometime shipments are made, I think, that go East to various places, but generally to Seattle dealers.

Mr. SUTHERLAND. Who receives them in Seattle?

Mr. STRONG. I suppose whoever they are shipped to; we do not ship them.

Mr. SUTHERLAND. They go through your cold-storage plant and they are shipped to Seattle?

Mr. STRONG. Yes, sir.

Mr. SUTHERLAND. Mr. Strong is one of the prominent citizens of Ketchikan and owns a large part of the canneries and business there—he is one of the leading citizens of southeastern Alaska.

Mr. STRONG. I want to qualify that as to canneries by saying that I own a small interest in one. I have been interested in starting other establishments.

Mr. SUTHERLAND. Mr. Strong is known as a man of large interests and the wealthiest man in that country.

Mr. STRONG. I want to disclaim that. Here is a map of Alaska as it lies in connection with the Dominion of Canada. During the past few years the Canadians have built a transcontinental line across the country, terminating at Prince Rupert. This terminus is within 42 miles of Alaska. It is the natural and logical route for the fish to take across the continent from Alaska to the American markets.

AMERICAN FISHERIES AT CANADIAN PORTS HURTS ALASKA.

Mr. CHINDBLOM. Is it shorter?

Mr. STRONG. Shorter and quicker, but the unfortunate part of it is that the Canadian regulations, geographical position, and everything goes to center the fishing industry at this terminus at Prince Rupert. The fishing fleet of Alaska, that is, the fleet fishing off the coast of Alaska, both Canadian and American vessels, all center at Prince Rupert. They are building up a great industry there.

Mr. CHINDBLOM. Do you refer exclusively to southeastern Alaska or also to western Alaska?

Mr. STRONG. Even to western Alaska. Of course, it hurts southeastern Alaska materially. These vessels take their catches to Prince Rupert. There they are bought by the agents who really represent the American consumers. The fish are discharged, weighed up, sold to these buyers at Prince Rupert, and the fishermen are there paid off and the proceeds of the trip are disbursed. Then the fishermen go uptown and spend their money. They are an easy-going lot. They usually spend the great part of the proceeds from their trip right there. By this time the master of the ship proceeds to buy his supplies for the next trip—the entire returns of the catch have gone into circulation at the Canadian port. The fish that came from Alaska and the money to pay for them came from the United States. They are building up a great industry in Canada.

Now, they do intend to have a Canadian mosquito fleet to operate out of Prince Rupert for the Grand Trunk Railroad, and the Canadian Pacific Railroad would like to have the same out of Vancouver for their line to pick up Alaska business and get the rail freight across the continent. It is right from their standpoint; it is good business. It is not right for us as American citizens to sit idly by and see the great warehouses, the main establishments, the cold-storage plants, all handling American products operated at a Canadian terminal.

The silver lining that I saw in that cloud when the Jones bill first came up was this: This railroad is built almost to the border of Alaska, and I could see that the only way that the Canadian railroads could get any great amount of business out of Alaska was to have conditions that would require them to establish a real Alaskan terminus for their railroad. Now, it is entirely practical to construct a car ferry to operate between Prince Rupert and Alaska.

Mr. CHINDBLOM. What point in Alaska?

Mr. STRONG. Any point where there are good harbor facilities. My home is 90 miles from Prince Rupert. It is not a thing that would require them to go to any particular point, but to establish a terminus in Alaska. Then we would have a mosquito fleet operating there; and let it be an American mosquito fleet that will go over Alaska and distribute freight and pick up our products. We must build up something in Alaska instead of doing it at a Canadian port, as it is now.

Mr. HARDY. Have you got your Canadian railroad terminus just over the line in Alaska?

Mr. STRONG. Not yet.

Mr. HARDY. Would not that railroad, then, carry the freight?

Mr. STRONG. Sure.

Mr. HARDY. The only difference between that and this is that you would have the bulding up of the town along in your vicinity instead of over there?

Mr. STRONG. That is the idea.

Mr. HARDY. As matter of fact, if Canada was a part of the United States all of these questions would be done away with?

Mr. STRONG. Sure.

Mr. HARDY. After all, it is just a little question of petty interest between somebody who wants to build up a town there and somebody who wants to build up a town at Prince Rupert and the people who suffer from this conflict?

Mr. STRONG. No, sir.

Mr. HARDY. How much better off would the people be if you had this just over the imaginary line that separates Alaska from Canada?

Mr. STRONG. They would be better off at the present time, Mr. Hardy, by a greater pay roll than Alaska to-day possesses.

Mr. HARDY. That pay roll would come to a little different point, but it comes to the same people?

Mr. STRONG. No, sir; that pay roll comes entirely to Prince Rupert, Canada, a foreign port.

Mr. HARDY. And in Prince Rupert it is paid to these fishermen?

Mr. STRONG. Those fishermen become Canadians, they are not American citizens.

Mr. HARDY. What is the harm in that?

Mr. STRONG. Do we not want to build up our own country?

Mr. HARDY. I think we can carry it to an extreme and make our people suffer.

Mr. STRONG. No, sir. We will establish good and better transportation facilities for all of Alaska, and we would have a transcontinental railroad connecting Alaska and American mrkets.

Mr. HARDY. I think if you could get the railroad it would be a good thing. We have spent a good deal of money to get a railroad to the interior of Alaska.

Mr. CHINDBLOM. Would you mean to extend the Canadian railroad, or would you mean that we should build our own?

Mr. STRONG. I thing that probably it would result in a car ferry between Alaska points and Prince Rupert.

Mr. DAVIS. Is not that proposition likely to work both ways? If you build a railroad from Prince Rupert extending up into Alaska, would not that be just as likely, if not more likely, to prove an additional feeder for Prince Rupert than it would to divert the freight away from Prince Rupert, which is already established?

Mr. STRONG. No, sir. Before we proceed that far we must have a congressional act that will protect the Alaska fisheries. As it is to-day the fisheries are an asset of a Canadian port instead of an American port. Therefore we must have a congressional act that will either place a duty or prohibit fish from the north Pacific Ocean and tributary waters entering the United States which are prepared for shipment at a Canadian port.

Mr. THURMAN. Under the act, as it now stands, are not all American interests at Ketchikan moving to Prince Rupert in order to avoid the effect of this act?

Mr. STRONG. The present act?

Mr. THURMAN. Yes, sir.

Mr. STRONG. No. The stockholders of the New England Fish Co. are vitally interested in Ketchikan; they have a nice plant there.

Mr. SUTHERLAND. How much would the plant of the New England Fish Co. at Ketchikan be worth?

Mr. STRONG. I presume they have $300,000 invested.

Mr. SUTHERLAND. That is the point—that those people have a great investment in the region of Ketchikan, and I presume the same in Vancouver. When you talk about moving, it is not an easy matter.

Mr. DAVIS. I came in a little late. I want to ask whether the New England Fish Co. is an American or Canadian corporation?

Mr. STRONG. It is an American corporation, but their general manager, Mr. A. L. Hager, a man I have known for many years, has become a Canadian citizen. He is also the manager of the Canadian Fisheries (Ltd.), a Canadian corporation.

Mr. DAVIS. Are the stockholders generally Americans or Canadians?

Mr. THURMAN. It is an American corporation, organized under the laws of the State of Main, and organized with American capital.

Mr. DAVIS. I came in late and did not hear that statement.

Mr. THURMAN. That is the status of the New England Fish Co.

Mr. STRONG. But it has been stated that there were no shipping facilities for this company and that they could not move their pack.

The CHAIRMAN. If there are not sufficient American vessels there now, why could not the Shipping Board assign three or four vessels to meet that competition and thereby build up an American interest and build up American trade?

Mr. STRONG. Mr. Chairman, the testimony brought in here is largely to befog the issue. Now, let me tell you, the New England Fisheries Co. owns a vessel of their own. When the Jones bill was passed they bought a vessel, an American vessel, for the purpose of handling their own business. She is quite an economically conducted boat, but the Canadian Pacific still offered to handle it on terms that I presume are less than they can operate this American vessel. They own the *Washington*, which is a motor-driven ship of sufficient capacity to handle every pound of fish that they pack at Ketchikan, but nine-tenths of the time that vessel is tied up. She is well equipped. Of course, the run through to Vancouver is of considerable length, but by shipping the fish into Prince Rupert she can handle all of their business and would have time to handle a lot of other business if they saw fit.

Mr. CHINDBLOM. Now, Mr. Strong, there is a call of the House. Can you finish in 5 or 10 minutes, or do you want more time than that? If you want more time, I would suggest that we take a recess, because it is past 1 o'clock, anyway.

Mr. STRONG. Well, a very few minutes is enough for me, and, in fact, I have talked longer now than I had expected. I merely want to explain the silver lining I saw—the working of a car ferry between some point in Alaska and Prince Rupert.

Mr. HARDY. Personally the silver lining would be very much in your interest, would it not?

Mr. STRONG. To my interest?

Mr. HARDY. Yes.

Mr. STRONG. In what way?

Mr. HARDY. In building up the town in which you have so much interest.

Mr. STRONG. Well, it might not go to that town; it can go to any other town.

Mr. HARDY. But it would probably go to the town in which you are interested. If this is a local question between two towns and the people of Alaska are being ground down in order to serve the interests of one town, I am not much in sympathy with it. The silver lining does not strike me.

Mr. STRONG. You have the wrong impression entirely.

Mr. SUTHERLAND. Let me say that my statement to the effect that Mr. Strong owns half the town of Ketchikan was an exaggeration. He is a leading public-spirited citizen of this town, and he has had this on his mind for a number of years, and he has given his whole time to it. I do not agree with him as to the plan, but nevertheless it is in a public-spirited way that he goes at it.

Mr. HARDY. I understand that, and I understand very well how a man interested in a town pecuniarily and personally, and with pride in it, would like to see a step taken that would build that town up, even though it might help him; but if it helped him, it would not diminish or decrease his interest in building it up. We are all human beings, and we all have our human interests.

Mr. SUTHERLAND. Mr. Strong has backed a number of young men and put them on the road to fortune. He is now, in a way, retired, and his great interest is in seeing the advancement of the town of Ketchikan.

Mr. HARDY. What strikes me is that here is a people with a product that they want to ship, and statements have been made by the Delegate from Alaska that there were times when shipments were refused, and a letter has been introduced by this American company showing that this other company will not take these goods. So it appears that the industry is being cramped and crippled, and the question is, Should we make a discrimination against those people in a general law, or a law that picks out Alaska and says, "This shall not apply to Alaska"?

Mr. STRONG. Mr. Hardy, most exceptional cases have been recited here, but let me tell you that this bill would not be for the benefit of the future of Alaska.

Mr. HARDY. I have been here for about 15 years, and I have heard a great deal of talk about the future of Alaska. Is not the population of Alaska decreasing rapidly?

Mr. STRONG. It has been decreasing because the issues have been befogged, and I will tell you that we have been misrepresented.

Mr. HARDY. Was there not a time when you could not get freight through to some of those places in the winter time, no American ships going there, and foreign ships not permitted to take the supplies?

Mr. SUTHERLAND. That occurred during the strike, Judge Hardy, and when the American ships were tied up. The Canadian boats were running, but they could not carry the supplies.

Mr. HARDY. I remember an effort made here to allow supplies to go in foreign-built ships.

HELP AMERICAN INTERESTS AS AGAINST FOREIGN.

The CHAIRMAN. I think we can get at something if we try to do something for American interests rather than Canadian interests. That is the way I look at it. I am for American interests, and I can not agree with these gentlemen who are trying to boost Canadian interests.

Mr. STRONG. We come here to get your cooperation.

The CHAIRMAN. I do not care whether you come from Boston or elsewhere, but if you are in favor of American interests I am with you, because I am in favor of backing American interests as far as we can.

Mr. STRONG. There has been so much cross-questioning that I do not know where I was, but the thing is this: Is it not better for us to have a terminus in Alaska rather than in a Canadian port?

The CHAIRMAN. Certainly.

Mr. STRONG. If it is made possible, I want to tell you that there are many boys in Alaska who will put every cent they have—and they can get backing for the rest of it—into a mosquito fleet that will run from the Alaska terminus out over the rest of the country; they will bring in the products of Alaska and then it will move across the continent, and it will be the greatest benefit that Alaska has ever had. Business will be centered in Alaska instead of Canada, and American companies can then compete for it, but not now.

Mr. HARDY. Do you know of any way to compel the Canadian Government to build a railroad to Alaska?

Mr. STRONG. We do not want them to do that.

Mr. HARDY. How would you connect the Alaska ports without going through Canada with an American railroad?

Mr. SUTHERLAND. That is not the point; this is to be by water, because these points in Alaska are on islands.

Mr. STRONG. And it would be done by a car ferry.

Mr. HARDY. Do you not want your Alaska people to have the benefit of a railroad?

Mr. STRONG. That is just exactly what I do want them to have, and I want to tell you gentlemen that some day you are going to see the Chicago papers advertising a through sleeping car, leaving on certain days of the week, from Chicago to Alaska.

Mr. HARDY. Would it not have to go through Canada?

Mr. STRONG. Yes; those cars will go through Canada, but they will go direct to Alaska.

The CHAIRMAN. Have you finished your statement?

Mr. STRONG. There is a great deal more to be said on this thing, but I do not care to take any more of your time.

The CHAIRMAN. Suppose we come back at 3 o'clock this afternoon.

(Thereupon, a recess was taken until 3 o'clock p. m.)

AFTER RECESS.

The committee met, pursuant to recess, at 3 o'clock p. m.

The CHAIRMAN. If the gentleman who was on the stand when we recessed desires to talk further, he may proceed.

STATEMENT OF MR. H. C. STRONG—Resumed.

Mr. STRONG. Mr. Chairman, this morning there were so many interruptions I fear I did not make a very well connected statement, but I tried to bring out the point that the representations that had been made here previous to my remarks, I think, were all made in favor and in the interest of the Canadian Pacific Railroad Co.; that that company has used the New England Fish Co., through the manager of the New England Fish Co., who is Mr. A. L. Hager, of Vancouver, who is a Canadian citizen, and a splendid booster for his Canadian city.

The Jones bill, as originally drafted, would make it necessary for all merchandise leaving Alaska bound for the States, whether through Canada or not, to move via American vessels.

The CHAIRMAN. While the purpose of this bill is to have it go over the Canadian Pacific?

Mr. STRONG. Yes; to throw it open to the Canadian boats. For many years there was adequate service performed by the American vessels to both American and Canadian ports. As I stated, I personally went to heavy expense to put cold storage in the vessel I had.

Mr. THURMAN. Mr. Strong, may I interrupt you just a moment and also ask Mr. Clark the same question? My information is that prior to the passage of the Jones bill, under the construction of the old law placed upon it by the Attorney General you could use Canadian vessels, and this law was intended to correct that opinion of the Attorney General; is that correct?

Mr. CLARK. That is correct; subsequent to January, 1913.

Mr. THURMAN. So, up to the time of the Jones bill, you could ship from Ketchikan, as we are requesting now to do, by Canadian vessels?

Mr. CLARK. Between 1913 and the passage of the Jones bill?

Mr. THURMAN. Yes.

Mr. CLARK. That is right, but through misinterpretation by the Treasury Department of the bonding privileges.

Mr. THURMAN. I just wanted to see if I was correct about that.

Mr. LAW. By sending it in bond.

Mr. STRONG. If you will avoid interruptions until I get through, later I will try to answer any questions you may want to ask.

The CHAIRMAN. If you do not want to be interrupted, just say that you do not care to be interrupted.

Mr. STRONG. The only thing is that I am not a speaker.

The CHAIRMAN. Go ahead, and when you get through, if they want to ask you any questions, you can give them a chance to do so.

Mr. STRONG. I went to considerable expense in putting in this equipment just to handle shipments of this particular firm. They were the only ones in Alaska to furnish such cargo, but due to the competition that was offered by the Canadian Pacific Railroad Co., through their steamship lines, it was impossible for me to get rates that would pay to operate. I carried the business for a number of years, and when I had to leave it the Canadian Pacific took it up. They have handled it ever since. They have handled it up to the present time and are still handling it. I do not understand just under what condition or how they are handling it now, but they are handling it, and they want a law now put through to legalize their handling it.

They have put one American company out of business. Their vessels are run by one of the wealthiest railroad companies on the continent, and they go north with supplies that are going into the Canadian Yukon. Sometimes they bring up a load of coal to Juneau or Ketchikan and they can drop into Ketchikan with their boat and take a cargo of frozen fish south. They have the capacity for carrying all of that cargo, but while I was carrying the fish I was required to carry it at a stated temperature. I had to have the hold of the ship brought to a temperature, I think, of some 17 or 18 degrees above zero; but ever since then they have handled it as open cargo protected only by frozen sawdust which has been packed around the shipment each trip.

Now, I feel that it is unfair to American shippers, but I, as a citizen of Alaska, am the last one to ask for anything in the way of legislation that will interfere or be an injury to any citizen in Alaska. Alaska has been my home for many years and I take a lot of pride in the country and I want to see it developed and do well. I feel that the Jones bill as originally adopted and passed, provided it is enforced, will result in the Canadian companies being obliged—not the steamboat companies, but the railroad companies—to create an Alaskan terminus of their lines. Now, that may not be practicable for the Canadian Pacific; I doubt if it will, and for that reason they are fighting the Jones bill very hard. But since that time the Grand Trunk Pacific has been completed across the continent to Prince Rupert, which is only 42 miles from Alaska, and it is the logical route across the continent for the handling of all perishable freight; in fact, it is the logical route for handling all freight from Alaska to the Eastern States, but particularly the fresh and frozen fish.

This Jones bill will finally result in that company being connected with Alaska by a car ferry. That ferry system is entirely practicable. They can go through to the shore of Alaska along the beaches, with plenty of room anywhere to put

in their trackage and switches. Of course, they will have connection at points where business is likely to develop; and in that connection, as to its practicability, I want to show you a bulletin (No. 950) issued by the United States Department of Agriculture. It was drawn up by the Government in the interest of the pulp and paper business, trying to show the citizens of the country the possibility of developing the paper business in Alaska. We have heard all along that it would be impossible to develop anything like that in Alaska because there would be no transportation in Alaska. This is all wrong. I want to read a little from this bulletin. This was prepared by Clinton G. Smith, forest inspector, and I wish to read from page 21. This is a statement from our American Government. [Reading:]

"It is believed that shipping by rail from Prince Rupert will before long become a factor of importance. It is probable that pulp and paper shipments at very favorable rates via American-owned boats will be made in scow loads to Prince Rupert, and possibly by car ferry, to save handling and export packing. Prince Rupert also may in the future offer facilities for transshipment to coast and transocean ports. It has been estimated that shipment by scow from points in southeastern Alaska to Prince Rupert would cost 50 cents to $1 per ton.

"The following statement concerning transportation by the Grand Trunk Pacific Railway was furnished under date of July 1, 1920, by A. E. Rosevear, general freight agent of that railway, in response to an inquiry from the Forest Service."

There is no need reading further just at this point. It goes ahead and quotes rates and speaks of the merits of the railroad and how it has lighter grades than any other railroad across the continent. They claim four-tenths of 1 per cent grade as the maximum grade in crossing the continent. I will proceed a little farther and read from this letter from the railroad company, wherein the railroad company makes this statement [reading]:

"At Prince Rupert, British Columbia, the railway recently installed a car ferry slip dock, and a similar slip dock has been installed in Swanson Bay, British Columbia, by the Whalen Pulp & Paper Co. in order to cater to the loading and unloading of carload traffic at Swanson Bay, thus avoiding the expense and delay occasioned by steamer service and transfer of shipments at Prince Rupert from or into cars. The distance from Prince Rupert to Swanson Bay is 112 miles.

"The installation of a car ferry slip dock at Ketchikan, Alaska, could, we understand, be easily accomplished, and navigation would be safe between that point and Prince Rupert, British Columbia, a distance of 93 miles. The channel between Prince Rupert and Ketchikan is protected practically all the way by islands which form a natural breakwater, thus insuring safe operation of a car ferry; and the same remarks apply with equal force to other points in southeastern Alaska, such as Prince of Wales Island, Wrangell, Petersburg, Treadwell, Douglas, Juneau, Haines, and Skagway, including intermediate points.

"In answer to your question as to whether a car-ferry service appeals to us as feasible under present conditions, we beg to reply to in the affirmative, provided slip-dock facilities are installed and such industries located and in operation as to make it an object to the railway to inaugurate the service."

I will just leave this bulletin with the stenographer for your information.

Now, I think that shows pretty well the practicability of the ferry, but I will tell you, gentlemen, we can never get such service as that if we pass this other bill, because their idea is to build up industry at Prince Rupert, and the fishing business is the backbone of Prince Rupert. Let me say that it is the Alaska fishing industry. It is the Alaska fishing industry and the American market. We are permitting our fish to be taken directly into the Canadian port, and there they are paid for by brokers, by representatives of the American consumers, and that industry is building a substantial Canadian city.

Mr. SUTHERLAND. Will you allow an interruption?

Mr. STRONG. Yes, sir.

Mr. SUTHERLAND. What registry is your ferryboat or tugboat going to be?

Mr. STRONG. It should be a power-driven car ferry to handle not less than 18 cars.

Mr. SUTHERLAND. No; I mean under what registry—what nation, British or American?

Mr. STRONG. Oh, American.

Mr. SUTHERLAND. American?

Mr. STRONG. Sure.

Mr. SUTHERLAND. Who will build it?

Mr. STRONG. That can be financed right in Alaska.

Mr. SUTHERLAND. The conditions are right for that now.

Mr. STRONG. But you can never do that until you get legislation putting the fish business in Alaska. The fishing business is now established in Canada. Do you think for a moment we could establish a car-ferry system for Alaska and take it over and put our fish through Prince Rupert and successfully compete with the dealers established there?

They would have us on the rocks in no time. It may take a business man to see that point, but it is there.

These interruptions get us off the track sometimes, but to-day I am in receipt of a paper sent at my request by the American Consular Service in Prince Rupert, a paper of interest to us at this time. It is a daily paper published at Prince Rupert and is a special fisheries edition. Practically every page of this paper is taken up in showing the great value of this Alaska industry to Canada.

Mr. SUTHERLAND. What is the date of that paper?

Mr. STRONG. This is September 12, 1921. On the front page it gives a few statistics, and I will leave this paper with the committee.

The CHAIRMAN. Do you want that made a part of your remarks?

Mr. STRONG. Well, I do not care to take up your time by reading all, but here are editorials on handling the fish business. Then there is an article on their largest fish cold-storage plant. They go ahead and show how they handle 20,000,000 pounds of fish, show how much they put through their plant per day, and their facilities. The article winds up by saying:

"In the erection of the building nothing but British capital was employed. Manager Johnson is a Britisher, and so is the comptroller, W. J. Nicholls.

"The cold-storage plant is the mainstay of Prince Rupert and is the institution that has been chiefly responsible for making the city prosperous and insuring a steady market for the fish."

Then, on the next page, they show you how on a certain day 200,000 pounds of halibut come in; they show how it is marketed; they show how they bid for the fish and what the different boats get. I will read a paragraph or two:

"At this stage of the game John Davies went into the telephone booth and held a consultation with his principal at the cold storage. He read over the names of the boats and the price offered for each so far, and after a consultation lasting a quarter of an hour or more the bidding began again in a most spirited manner, and when at the close every buyer said he was satisfied, two carloads had run up to 9 cents a pound, and the others varied in price running down to 7 cents for the big boat with two carloads from Alaska.

DISCRIMINATION AGAINST AMERICAN FISHING BOATS AT PRINCE RUPERT.

Now, gentlemen, they handle that fish business at Prince Rupert so that a Canadian vessel, which can fish out over the Alaska banks and bring her fish into Prince Rupert, gets a higher price than an American vessel. Consequently several boats have this year taken out Canadian registry. Even though a vessel is operated under the American flag, so long as she is sailing out of Prince Rupert she is an asset to Prince Rupert; she is no longer an American asset, for the reason that the fish are brought in, discharged, and paid for in Prince Rupert; the crews are paid off there, and they spend all of their money in Prince Rupert. Then the master of a boat naturally outfits his ship in Prince Rupert; he then goes to sea again, goes out in Alaska waters and gets another load of fish. That has the effect of building up business in Canada, and it becomes an asset of Canada. We are sending approximately $5,000,000 from the United States to Prince Rupert and Vancouver, British Columbia, and I want to tell you that if it is not checked it will be $10,000,000 in a few years. That is a greater pay roll than all of the coast of Alaska combined. We need a law that will put the American fish at American ports.

Mr. THURMAN. That condition is existing under the Jones law as it is now in existence.

Mr. STRONG. No; it is not.

Mr. THURMAN. You are talking about present conditions at Prince Rupert, are you not?

Mr. STRONG. I am talking about present conditions at Prince Rupert.

Mr. THURMAN. And the Jones law is in effect?

Mr. STRONG. It is in effect, but it requires additional legislation.

Mr. THURMAN. How is the Jones law going to make any difference if it is not in existence and these operations are conducted under it?

Mr. STRONG. We have got to get legislation prohibiting the American fish from being packed for shipment to the American market in a Canadian port or, if it so packed, there must be a duty on it.

Mr. THURMAN. In other words, put American fish out of business in American ports?

Mr. STRONG. No; it would be worth a great deal to the interests you are supposed to represent. Their plant at Ketchikan would be twice as large as it is, and instead of there being one or two plants no doubt there would be a half dozen plants.

Mr. THURMAN. It has not worked that way so far.

Mr. STRONG. No; and it can not, because all the conditions tend to force the business to the Canadian ports.

Mr. THURMAN. Then you need something besides the Jones law?

Mr. STRONG. You need this legislation; you have got to have the Jones law and this legislation.

Mr. THURMAN. The Jones law itself does not do it.

Mr. STRONG. The Jones law does not do it entirely, no; but if we went to work and spoiled the Jones law——

Mr. CLARK (interposing). But the Jones law is a step in the right direction?

Mr. STRONG. Yes; and it will eventually result in the Canadian Railroad establishing a terminus within the borders of Alaska.

Mr. SUTHERLAND. The Jones law is a step in the right direction, but it does not step far enough. We want it to step across the Great Lakes, the Atlantic coast, and around the sound.

Mr. CLARK. As section 27 of the Jones law was introduced it covered all those points, and the only reason it does not "step far enough" in that direction now is because of the interference by and the greater influence of, the Canadian Pacific and the Grand Trunk Pacific in this particular legislation than of those who were working for the National Merchant Marine interest.

Mr. SUTHERLAND. So they put it over on Alaska and relieved all the rest of the United States?

Mr. STRONG. So as I say, gentlemen, before we can have adequate shipping in Alaska we have got to get legislation that will make the Alaska fishing fleet an American fleet, so that their fish will be brought into an American port. Then the transportation companies will arrange in some way to connect with a car ferry..

Mr. THURMAN. The Canadian railroads?

Mr. STRONG. Yes; they will cooperate or loss the business.

Mr. SUTHERLAND. How can they connect with Alaska? They could not run a ferry to Ketchikan.

Mr. STRONG. No; I do not think it would be wise to let them either; I think the car ferry should be under the American flag; I think that any railroad track that is put into Alaska, switches, and so on, should be owned by Americans.

Mr. THURMAN. If that be so, and the Canadian Pacific should still run their vessels from Ketchikan to this terminus at a rate of freight cheaper than your car-ferry service, should they be compelled to use your car-ferry service instead of the other line, and if they use the other line because of the lower rate then what would become of your car-ferry service?

Mr. STRONG. I think it has been demonstrated that car-ferry service is the cheapest transportation you can get.

Mr. SUTHERLAND. Are you ready to put on a car-ferry service yourself?

Mr. STRONG. Myself?

Mr SUTHERLAND. Yes.

Mr. STRONG. Mr. Sutherland, I would put some money into it as a citizen if it should be necessary. Furthermore, let me tell you that just a short time ago I was talking with an American, although he lived in Prince Rupert, and his family is in Prince Rupert. He has been fishing all over the Alaskan coast and has been doing business in Prince Rupert because he has to, but we got to talking this car ferry over and he said, "Mr. Strong, if you will get that going I have got $20,000 which I will put into it."

Mr. THURMAN. Please let me have your opinion on that. If you establish your car-ferry service and the Canadian Pacific should say to the fishermen, "We can carry your catch to Vancouver and your freight will cost you less

than the car-ferry service," would you say that the fishermen and the fish companies should use your car-ferry service instead of their service?

Mr. STRONG. The Jones bill will prevent such conditions. I do not care to see the car-ferry service handled by private parties at all. I would like to see it——

Mr. THURMAN (interposing). A Government institution?

Mr. STRONG. A Government institution or a community institution or something of that kind, because no one would be going into it for profit and I would not put money into it to make a profit. It would be the best thing that could possibly happen for Alaska, and it would bring enormous prosperity to Alaska; it would add 10,000 people to the population of southeastern Alaska, while the population is now decreasing.

Now, as to the shipments moving by way of Vancouver, I believe that if that service were ever established between Prince Rupert and Alaska that practically all of fresh and frozen fish going from Alaska to the United States would go over the Grand Trunk Railroad on account of time and distance saved.

Mr. THURMAN. That is the Canadian road?

Mr. STRONG. Yes. I am not saying anything against the Canadian road, because it is the logical road; that is, the Grand Trunk Pacific is the logical road to use, and you can not get around it. You can go to Prince Rupert in a few hours and in three days you can be in the States.

Here is an article in this paper showing how the business is handled across the continent. It is headed "Faster than passenger train."

"A particularly good opportunity to get in touch with the fish business was afforded our party while in Prince Rupert. When we approached the wharf the first sight that met our gaze was a regular flotilla of small fishing vessels, all busily engaged in unloading their perishable freight, after what appeared to have been very profitable voyages.

"Not only were we shown over vessels and one of the largest cold-storage and shipping plants there, but the following day we left for Prince George—four of us—aboard the caboose of a 'fish special' which left for Chicago and other United States points at 9.20 a. m. on the morning of May 10. This train ran on a schedule considerably faster than the crack passenger trains, and while we sat in the cupola of the caboose we had during the afternoon the satisfaction of rushing by the fast west-bound passenger train which had been run on a side track to permit us—the 'fish special'—to continue our speedy passage east. Thus you can get a glimpse of the importance of this traffic from the railroad's viewpoint."

Then there is another heading, "Train worth $50,000."

"This train had 12 cars, 11 containing halibut and 1 with fresh salmon. The estimated value of the fish on this train was slightly less than $30,000, and the express charges which the railways received totaled $11,506.75, made up as follows."

And here are listed the number of the cars and the charges on each one.

"About $600 on each car accrues to the Canadian Express Co.

"'You know,' said one of the 'fish special' crew, 'this fish business is really a wonderful one and is capable of such extraordinary development. During the week of May 2, for example, 130,000 pounds of halibut were turned away from Prince Rupert because when the fishermen tied up to the wharf they learned that there were no cars to take their product east.'"

They were short of cars and they could not handle the business at that time, but they go ahead further and say that that condition has been corrected and that they have plenty of cars.

"'You may have heard that some of the crews make big money. They do, but those who make unusual amounts work hard for what they get. One crew of four men who were more than usually fortunate had been out four days and sold their catch of 18,000 pounds at the fish auction on the morning of their arrival for approximately $1,100. As this is hook and line fishing you can imagine they were a very busy crew and were not confining themselves to an eight-hour day.'"

There is quite a little more, but let me read this:

"A test of relative speed in reaching the market was made in 1915. A large catch of halibut was landed at Prince Rupert, rushed aboard a 'fish special,' and then commenced a record journey for Chicago. The halibut on this train actually reached Chicago the same day that they would have reached Seattle had their vessel continued on south to the nearest United States port—that is,

there is a gain in delivery of the time which would be taken to run a fish train from Seattle to Chicago."

I will not take your time to read any more of that, but I will leave this paper with you.

Now, Mr. Chairman, I want to assure you that I realize that the completion of the Grand Trunk Railroad to that corner of Alaska was a wonderful benefit to the fishermen. It permitted Alaska fish to get into the markets so much quicker. It is the direct route, but in getting the fish here quickly we have forfeited a great industry to Canada, and this can all be corrected so easily. It could be corrected and made helpful to the fisherman and American interests by putting a duty on fish that are prepared for shipment at a Canadian port to the United States.

The CHAIRMAN. That would have to go before the Committee on Ways and Means.

Mr. STRONG. Yes.

Mr. SUTHERLAND. I have been before the Committee on Ways and Means and asked for a duty on halibut.

Mr. STRONG. Yes; but that does not cover the situation at all; it would still leave Prince Rupert in command of all the business, for the fish are largely American and not subject to duty. We have either got to have a duty on fish that are prepared for shipment at a foreign port or else some regulation which would make it necessary that the fish originate at an American port, and in effect that would merely move the buyers from Prince Rupert; the concerns that are buying the fish at Prince Rupert would buy them in Alaska, and then we would have business for a car ferry so as to move the fish from Alaska to the Canadian Railroad.

Mr. THURMAN. Assuming that that is all true, that is in the future, but what would you suggest now as a substitute for the transportation of fish from Ketchikan to Vancouver?

Mr. STRONG. As I say, you are here representing the Canadian Pacific Railroad.

Mr. THURMAN. Absolutely.

Mr. STRONG. You are supposed to be representing the New England Fishing Co., but you do represent the Canadian Pacific Railroad interests.

Mr. SUTHERLAND. That should be corrected in the record, because Mr. Thurman does not represent the Canadian Pacific.

Mr. THURMAN. That is a perfectly fair question, I think.

Mr. SUTHERLAND. But you do not represent the Canadian Pacific Railroad Co.

Mr. THURMAN. No; I represent the New England Fisheries Co.

Mr. STRONG. I say the New England Fishing Co. has got you, but they have gotten you at the request of the Canadian Pacific Railroad.

Mr. THURMAN. No; I do not know the Canadian Pacific Railroad; I do not know an official connected with it, and I have no relation with it in any way, shape, or form. I want that thoroughly understood, that I do not know anybody connected with the Canadian Pacific Railroad at all.

The CHAIRMAN. How do you ship your fish from Alaska?

Mr. THURMAN. They are shipped over the Canadian Pacific road, but I am speaking about myself, personally, Mr. Greene; I am here as the representative of the New England Fisheries Co., and I have no connection whatever with the Canadian Pacific Railroad Co.

The CHAIRMAN. But all of your fish go over the Canadian Pacific Railroad?

Mr. THURMAN. They do. These things that Mr. Strong is talking about, proposed legislation, car ferries, etc., are something in the future, while we are dealing with the present. Now, Mr. Strong, what would you suggest to relieve the situation at Ketchikan now, as a substitute for the use of the Canadian railroads' vessels? That is what I want to know.

Mr. STRONG. Mr. Thurman, I will answer that. You have handled this business ever since the Jones bill went into effect; you have moved your shipments of fish, and you probably will continue to do the same.

Mr. THURMAN. That does not answer the question.

Mr. STRONG. The New England Fisheries Co. owns a boat of their own that has adequate capacity to handle every fish they handle, but, as I say, the New England Fishing Co. has been brought into this because they have received great favors from the Canadian Pacific Co.

Mr. THURMAN. Assuming they have a vessel, which I do not know, but take your word for it, if it costs more to operate that vessel than to transport the

fish on Canadian vessels, would you say that it ought to be compelled to use the more expensive method?

Mr. STRONG. As I say, they have been handling the business that way, more or less, for possibly a year and a half. Now, if we get legislation protecting the Alaska fisheries as they should be, inside of six months, or just as soon as facilities could be worked out, there would be a car ferry service established, and the New England Fishing Co. would contribute to it, too. I know the stockholders of the New England Fishing Co. better than you do.

Mr. THURMAN. Would that be cheaper than the present method?

Mr. STRONG. Yes, sir; I think it would.

Mr. THURMAN. I am not opposed to your car-ferry service but you are talking about something in the future while I am talking about the present.

Mr. STRONG. With a car-ferry service established a vessel that would handle, say, a maximum of 18 cars could make three round trips a week.

Mr. THURMAN. How long do you figure it would take to get this legislation through and get your car-ferry service established?

Mr. STRONG. We should get this protection for the Alaska fisheries this winter.

Mr. THURMAN. It would take at least a year?

Mr. STRONG. No sir; we should have it inside of two months and we would have had it six yeas ago had it not been for the Canadian lobbyists coming on here to defeat us. We had a bill through the United States Senate and it was passed unanimously but the Canadian lobby got hold of one man to kill it in conference.

The CHAIRMAN. How long ago was that?

Mr. STRONG. That was about six years ago. Senator George Chamberlain introduced the matter in the Senate and it was also championed by Republicans. There was some fight against it but not much. However a Canadian lobby came on here and they had their sessions and the Senate——

Mr. THURMAN (interposing). And influenced the United States Senate?

Mr. STRONG. They tried to, but they could not influence the Senate. They went to the State Department, and they went everywhere. We had Mr. Lansing in favor of it; we had the Department of Commerce in favor of it; we had the Treasury Department in favor of it; and President Wilson sent a letter asking that it be passed. It was all thoroughly investigated, but then a man supposed to be representing the Canadian interests appeared in the House and killed it in conference. The Democrats were in power at the time and Mr. Kitchin, the leader, was sometimes pretty hard to approach, as he was very busy, but he consented to it, and then Mr. Humphreys, of Washington, had assured us that he had arranged the matter with the Republican leaders so that there would be no objection from any Member on the Republican side of the House, but it seems that Mr. Humphreys slipped up on it.

The CHAIRMAN. If you will suggest such legislation as you desire we will try to whip it into shape.

Mr. STRONG. Very well.

Senator Chamberlain is not in the Senate now, and I would like to talk with him. He was very much interested.

The CHAIRMAN. He is on the Shipping Board.

Mr. STRONG. Yes; I shall call on him. There are numerous Senators that took a great interest in it—looked into it and saw the merit of it—and I shall try to see them.

STATEMENT OF MR. FRANK A. LAW, ATTORNEY FOR THE ALASKA STEAMSHIP CO.

Mr. LAW. Mr. Chairman, I think before proceeding with my statement that I had better correct an impression that may have been created by something said by Mr. Sutherland and by Mr. Thurman this morning in regard to the attitude of the American lines toward the transportation of the fish of the New England Fish Co. between Ketchikan and Vancouver. I have information from Mr. John H. Bunch, the general freight and passenger agent of the Alaska Steamship Co., in which he states that "I do not recall that the New England Fish Co. has ever in any way, through any of its representatives, approached me or my office as to our line calling at Vancouver, regularly or otherwise, to carry their fish from Ketchikan. Therefore we have never expressed ourselves as to whether we would or not, or could or could not, call at Vancouver; and, so far as we know, no freight has ever been offered us for carriage from Ketchikan to Vancouver."

ALASKA STEAMSHIP CO. ALWAYS WILLING TO CARRY FISH TO VANCOUVER.

Mr. Thurman and Mr. Sutherland have evidently been misinformed if they have gained the impression from what information has been given them and which was presented to this committee this morning that the Alaska Steamship Co. had refused to carry any fish of this New England Fish Co. I learn from Mr. Raiff, vice president in charge of traffic of the Alaska Steamship Co., resident at New York, that he had never been asked, nor had the New York office of said company ever been asked, by the New England Fish Co. to consider the question of taking its fish shipments, or any of them, from Ketchikan to Vancouver. It is therefore not true that the American lines in Alaska have refused to carry the fish of said company from Ketchikan to Vancouver.

The fact is that the Alaska Steamship Co. is the largest American line operating in Alaskan waters. It has more vessels than any other line operating there. It now is in the unfortunate position of having seven of its vessels tied up because of the absence of traffic. Two of their vessels are now operating on other routes—that is to say, they are operating, one on the intercoastal route, between Pacific coast ports and Atlantic ports, and the other one to Hawaii—simply because there was not and has not been for some time sufficient traffic to keep them all operating in Alaska. They are hungry for business, but it appears that this New England Fish Co. has not attempted to get the benefit of their service.

Mr. THURMAN. How about the reverse of that, Mr. Law; have they ever offered it?

Mr. LAW. I say they have never attempted to get the benefit of it. Whether the company has sought their business has nothing to do with the question.

Mr. THURMAN. I just asked you.

Mr. LAW. You come here and represent to the committee that the American lines have refused to carry this fish?

Mr. THURMAN. Oh, no——

Mr. LAW. I am speaking of the impression that was conveyed by what you said this morning; and the fact is, you have never attempted to get this company to carry your fish. Now, if the New England Fish Co., were to take this matter up with our company, and they had enough traffic and the conditions justified a call at Vancouver, Mr. Raiff tells me he would have no objection to recommending that the business be taken.

Mr. SUTHERLAND. He would recommend that?

Mr. LAW. He would recommend that the boats stop at Vancouver for the carrying of that fish. But, you see, this company has a steamer of its own, as Mr. Strong has said, and they probably carry the most of their fish. It would doubtless be very seldom that they would want the service of any American line, because they want to carry their own fish to Vancouver, probably to get the benefit of the lower rate that the Canadian lines give them for the long rail haul to the East.

I though before proceeding with my statement that I had better clarify the situation by bringing the facts mentioned to the attention of the committee.

Mr. THURMAN. I think, Mr. Law, Mr. Sutherland and I both stated and he introduced a letter from the Pacific Steamship Co. in which there was a positive declination to render this service.

Mr. LAW. Yes.

Mr. THURMAN. I said that I had had information that another line had also done the same thing, and, in reply to Mr. Clark's question, I told him positively I was not certain of that; that it was merely a matter of information.

Mr. LAW. That is all right. I simply aimed to say you had gotten a wrong impression from the information you had received, and I did not want that erroneous impression to permeate the minds of this committee.

Mr. THURMAN. I do not want the impression created that I said it was your company, because I have not.

Mr. STRONG. Right on that point, I would like to say another word. I spoke of having one vessel equipped with cold storage especially for that business. I had two vessels; I was operating two vessels from Seattle and southeastern Alaska—the steamer *Northland*, which we had built especially for that trade by the Seattle Construction Co., and then another vessel, the *Alki*, which we bought and put in cold-storage equipment. And in those two vessels we had more cold-storage capacity than there is in all the other boats running to Alaska. We had more cold-storage facilities on those two boats than they have ever had on all the Canadian boats running there. The entire lower

holds were taken up with cold-storage space, and the competition by the Canadian Pacific Co. was such that we could not get a living rate, and we were carrying the freight away at less than the ordinary rates on merchandise. We were carrying frozen products at about two-thirds of the regular rate on general merchandise.

The CHAIRMAN. You would have gone by way of Seattle, would you not?

Mr. STRONG. No, sir. We put our boats into Vancouver, off of the route. We took them to Vancouver and tied up to their plant and the fish were trucked right from the hold of our ships into their refrigerator cars.

Mr. THURMAN. The whole story is you wanted the fish company to pay a greater rate of freight from Ketchikan to Vancouver to maintain your lines?

Mr. STRONG. No; you are wrong. It was a nice cargo to handle and we agreed to just as low a rate as we could stand.

Mr. THURMAN. Still, you admit the other fellow cut your rate and put you out of business.

Mr. STRONG. The Canadian Pacific Co.'s boats—they merely figure them as a feeder for the railroad company.

Mr. SUTHERLAND. With what did you occupy your space outside of the cold-storage space when you took this fish to Vancouver; what did you have in other cargo space?

Mr. STRONG. Canned salmon and general cargo.

Mr. SUTHERLAND. Did you have full loads going down?

Mr. STRONG. Going down we generally had full loads.

Mr. SUTHERLAND. You say that going down your steamer never went with empty space in the hold?

Mr. STRONG. I do not think so; I think we always filled up the space there during shipping season.

Mr. SUTHERLAND. Of course, you acknowledge these Canadian boats engaged in the passenger traffic, making the run direct over to Vancouver, to the home port, could afford to carry frozen fish cheaper than you could?

Mr. STRONG. I make the contention that this bill before the committee here is really in the interest of the Canadian companies, and that if in any way we can establish a car-ferry service to Alaska we will have an Alaska transcontinental terminus, and then we can operate our own American boats in Alaska—we can assemble, we can bring the fish and products from the outlying districts into the principal points along the coast of Alaska, and from there they will move in car ferry direct to American markets. We want to centralize the business in Alaska. What we are doing to-day is centralizing the fish business and other lines, too, at Prince Rupert and Vancouver, British Columbia. That is the reason the gentlemen are hired to come on here and oppose the Jones ship bill.

Mr. LAW. Mr. Chairman, if I may be permitted now to proceed, I would be very pleased if I can do so without interruption, and after that I will be glad to have any questions presented that the members of the committee may desire to ask.

The CHAIRMAN. Proceed.

WAR EMERGENCY LEGISLATION PERMITTED FOREIGN SHIPS IN ALASKA TRADE.

Mr. LAW. During the war, when there was a shortage of ocean tonnage, Congress, on October 16, 1917, passed the act which permitted foreign vessels to engage in the coastwise trade of the United States under certain conditions. It was then shown to the satisfaction of Congress that there was no shortage of tonnage in the Alaskan coastwise trade, and that that provision, if applied to Alaska, would simly mean to open for Canadians the opportunity of absorbing the carrying trade of Alaska and then the Alaska fishing business. In consequence, Congress included this proviso in the said act:

"*And provided further*, That the provisions of this act shall not apply to the coastwise trade of Alaska or between Alaskan ports."

This action was taken after an extensive hearing before this committee, and after full consideration by the Senate, and doubtless by the House afterwards. That act was repealed by section 22 of the merchant marine act of June 5, 1920. Section 27 of that act—the merchant marine act—provides "that no merchandise shall be distributed by water or by land and water, on penalty of forfeiture thereof, between points in the United States, including Districts, Territories, and possessions thereof embraced within the coastwise laws, either directly or via a foreign port, or for any part of the transportation in any other

vessel than a vessel built in and documented under the laws of the United States and owned by persons who are citizens of the United States, or vessels to which the privilege of engaging in the coastwise trade is extended by sections 18 or 22 of this act: *Provided*, That this section shall not apply to merchandise transported between points within the continental United States, excluding Alaska, over through routes heretofore or hereafter recognized by the Interstate Commerce Commission for which routes rate tariffs have been or shall hereafter be filed with said commission when such routes are in part over Canadian rail lines and their own or other connecting water facilities."

The bill before you, H. R. 6645, proposes to change this proviso by including Alaska therein, instead of excluding it, as was done at the time of the passage of the Jones Act. Under the present law Canadian steamers are barred from handling the products of Alaska or shipments into Alaska going to and from points in the United States. The proposed legislation would permit participation by Canadian steamers in this traffic. When the Jones bill was passed this feature was given consideration by the committees having the bill in charge, and it was after long study and mature deliberations that the Congress adopted the legislation which would hold to American steamers the business between Alaska and the United States, since which time there has been no change in economic or transportation conditions which would justify a modification of that legislation that would open the doors of Alaskan traffic to Canadian steamers on business interchanged between Alaska and the States.

Mr. CHINDBLOM. Just a moment. I do not recall—perhaps you do—whether this provision was in the bill passed by the House.

Mr. SUTHERLAND. No; it was not.

Mr. CHINDBLOM. My recollection is it was not.

Mr. LAW. I am quite sure it was put in in the Senate. I am not sure any effort was made to put it in in the House here; but the committee had very long hearings, and I think evidence which brought about the adoption of that provision was presented before this committee.

Mr. CHINDBLOM. Were those hearings before the Senate committee or before the conferees?

Mr. LAW. The first hearing was before this committee, and facts brought out at those hearings in this committee influenced the action of the Senate. Mr. Clark, perhaps, can state as to that better than I.

ALASKAN SITUATION EXPLAINED TO BOTH SENATE AND HOUSE COMMITTEES.

Mr. CLARK. I think the statements with regard to the Alaska situation, as it pertains to this particular bill, were introduced only before the Senate committee; but the House, in the consideration of the war emergency legislation in 1917, had practically the same status and the same facts before it, and it was that hearing to which Congressman Edmonds referred this morning as containing the whole history of this Alaska situation.

Mr. CHINDBLOM. That accounts for it; I was not here in 1917, and so I did not remember it.

Mr. CLARK. But the hearings before the Senate committee were practically a rehash and a bringing down to date and showing the additional salient facts as evidencing the foreign intent and the foreign origin of this proposal to leave the coastwise trades with Alaska wide open to occupation by British ships.

Mr. SUTHERLAND. Have you ever seen those hearngs in print, Mr. Clark?

Mr. CLARK. Oh, yes; they are all in print.

Mr. SUTHERLAND. Were recommendations made to the committee upon which they based this clause?

Mr. CLARK. Yes; beyond any question.

Mr. SUTHERLAND. Have you a copy of it?

Mr. CLARK. Yes; I can furnish you with a copy of it.

Mr. SUTHERLAND. It bears on this particular Alaskan situation?

Mr. CLARK. Oh, yes.

Mr. SUTHERLAND. Who presented it?

Mr. CLARK. I presented the facts.

Mr. SUTHERLAND. I have tried in the Senate; I have copies of that hearing, but I can not get that particular part.

Mr. DUFF. It is in volume 28.

Mr. SUTHERLAND. Did anybody from Alaska appear there, Mr. Clark?

Mr. CLARK. Nobody appeared in opposition to that.

Mr. SUTHERLAND. Nobody appeared in opposition to it?

Mr. CLARK. Nobody appeared in opposition to it.

Mr. SUTHERLAND. You were there, solely?

Mr. CLARK. The only effort made in opposition was in the conference, and, as I say, through the influences—at that particular time I think it was the representative of the Government of Canada, and also there was evidence that representations had been made by the British ambassador to the State Department and two officers of the State Department discussed the matter with the committee as to whether it was going to be a discrimination against Great Britain.

Mr. CHINDBLOM. That is, with the conferees?

Mr. CLARK. No; with the committee originally.

Mr. CHINDBLOM. With the Senate committee?

Mr. CLARK. With the Senate committee, in executive session.

Mr. THURMAN. That does not appear in the report?

Mr. CLARK. That does not appear in the report, but it is a matter of fact.

Mr. THURMAN. As far as the written report goes, you appeared there?

Mr. CLARK. With no opposition against it.

Mr. THURMAN. And you were mainly responsible for the insertion of that?

Mr. CLARK. With no opposition.

Mr. SUTHERLAND. As a matter of fact, nobody appeared aganst it because they did not know anything about it?

Mr. CLARK. Oh, yes; it was widely known and notice of it was widely circulated through the papers, and it was opposed by the Canadian representatives and Grand Trunk representatives here in Washington.

Mr. LAW. I would like to continue with my statement. As I was saying, since that act was passed there has been no change in economic or transportation conditions which would justify a modification of that legislation.

Mr. CHINDBLOM. That is, the war-time legislation?

Mr. LAW. Oh, no; I mean since the Jones Act was passed—no change which would justify a modification of that legislation, that would open the doors of Alaskan traffic to Canadian steamers on business interchanged between Alaska and the States.

BENEFITS FROM PROPOSED LEGISLATION WOULD ACCRUE TO CANADIAN RAIL LINES.

It is apparent the Canadian steamship and rail lines would be greatly benefited by the proposed legislation, but to the detriment of American steamship and American rail lines, as not only would the American boats lose a large part of this traffic but such traffic would also be lost to the American rail lines. For example, the large canned-salmon production of Alaska could then move in Canadian boats to Prince Rupert or to Vancouver and by the Grand Trunk Pacific or Canadian Pacific eastward for delivery to points in the United States, Chicago, and East, Again, for example, shipments of steel rails, mining machinery, steel pipe, and other supplies could move from the Pittsburgh district or other eastern territory by these Canadian rail lines through Vancouver or Prince Rupert and Canadian steamship lines to destinations in Alaska.

The salmon industry of Alaska furnishes very large and desirable tonnage and forms one of the chief sources of revenue of American lines operating in Alaska waters. The first salmon cannery in Alaska was established in 1878 with a production of 8,159 cases. The production was increased until in 1918 it amounted to 6,677,569 cases or, say, 233,715 tons. The northbound material, equipment, and supplies for these canneries is a very substantial business, forming traffic in the opposite direction which, in a measure, helps to balance the tonnage. We have not the figures available for the 1919 and 1920 total pack, but during the year 1920 the Alaska Steamship Co. handled 1,051,695 cases or, say, 3,700 tons, and it is estimated that in 1921 we will handle approximately 348,000 cases, which includes approximately 25,000 cases held over from last year.

The Alaska Steamship Co. is an American corporation, and it should be the policy to protect American industries by holding this traffic for American vessels at this time when there are so many vessels of our own merchant marine tied up.

Mr. CHINDBLOM. Just one word there: I did not hear the beginning of your statement. Have you put into the record anything regarding this company? How many ships has your company?

Mr. LAW. We have 11 engaged in the Alaska trade. Seven of them are now tied up.

Mr. CHINDBLOM. How does their tonnage run?

Mr. LAW. I think I have the exact figures here.
Mr. CHINDBLOM. Oh, I do not need it exactly.
Mr. SUTHERLAND. They are 2,000 or 3,000 ton ships, each.
Mr. CHINDBLOM. That is sufficient.
Mr. LAW. I will put in the exact figures. The total tonnage, I think, is about 24,000.
The CHAIRMAN. What are those vessels doing now?
Mr. LAW. Seven of them are tied up.
The CHAIRMAN. Why?
Mr. LAW. Four of them are operating and we have two other ships that we would operate in Alaska if there was business there to justify it, but which we are now operating, one between Seattle and Hawaii and the other between Pacific coast ports and Atlantic coast ports.
Mr. SUTHERLAND. What ship is operating through the canal?
Mr. LAW. At this present time?
Mr. SUTHERLAND. Yes.
Mr. LAW. I am not informed.
Mr. SUTHERLAND. You do not know what ship it is?
Mr. LAW. No.
Mr. SUTHERLAND. Was it ever on the Alaska run?
Mr. LAW. Which canal do you mean?
Mr. SUTHERLAND. I am speaking of the ship operating between the Pacific and Atlantic coast ports.
Mr. LAW. That is a new steamer. I had not understood your inquiry.
Mr. SUTHERLAND. As a matter of fact, that steamer never has been operated on the Alaska run?
Mr. LAW. No; but what difference does that make?
Mr. SUTHERLAND. The point I make is you are speaking of steamers which have been withdrawn from that trade when, as a matter of fact, the steamer which runs from the Pacific around through the canal to Atlantic coast ports has never been on the Alaska run.
Mr. LAW. The *Cordova*, which runs to Hawaii, was run until this year in the Alaskan trade.
Mr. SUTHERLAND. Exactly. That is a freight ship, and, consequently, the shipments were not large enough to keep her going and you took her off.
Mr. LAW. Naturally; and there are seven ships that we now have tied up.
Mr. CHINDBLOM. How many of those seven ships carry freight?
Mr. LAW. All of them.
Mr. CHINDBLOM. They all carry freight?
Mr. LAW. Yes; some freight and some passengers.
Mr. CHINDBLOM. But mostly freight?
Mr. LAW. Mostly freight.
Mr. SUTHERLAND. They are tied up just now, just as they are every year, because there are no southbound shipments of fish. The business has ceased for the winter. These ships will be operated there next spring, carrying stuff north?
Mr. LAW. Undoubtedly, if we find there is business enough there to run them next year.
Mr. CHINDBLOM. When were those seven ships tied up?
Mr. LAW. Within the last two months.
Mr. CHINDBLOM. The trade did not stop two months ago, did it?
Mr. LAW. Oh, no; but the trade for them did—for the *Jefferson*, for instance.
Even with the tonnage which I mentioned a little while ago, the fleet of the Alaska Steamship Co. is not fully occupied, although maintaining regular and adequate service to and from Alaskan ports. At the present time we have seven boats tied up and two in other service, as I have explained, but if this immense salmon tonnage is to be divided with the Canadian lines it will mean a decrease in the service between Puget Sound ports and Alaska, and by making gradual inroads on this tonnage the Canadian lines can, as a result, reduce the service from our own Pacific coast ports to Alaska to the detriment of American boat, American merchants, and American railway lines.
The rail rates from eastern United States points to Prince Rupert and Vancouver are the same as they are to Puget Sound ports. The rates eastbound are the same. Prince Rupert is only about two-thirds the distance from the fisheries districts as is Seattle, but the Alaska Steamship Co. have maintained the same rates to Seattle as have been maintained by the Canadian lines on cannery products. With the shorter steamer haul to Prince Rupert the

Canadian steamship lines can, if permitted to handle this traffic, make lower rates than American steamers could economically make, and the Canadian lines could even afford to handle the tonnage for nothing in connection with the rail lines from Prince Rupert or Vancouver, as they are owned by the Canadian rail lines, and the latter could make rates for the water haul that would be ruinous to the American steamship lines in order to get the long haul by rail for the rail lines. This would probably soon drive the American steamship lines out of the business entirely and require them to seek traffic elsewhere for their fleets.

CANADIAN PASSENGER RATES RELATIVELY HIGHER THAN AMERICAN RATES.

It has been the policy of the American lines to carry lower passenger rates to and from Alaska than have been carried by the Canadian lines, and, once the American lines were withdrawn from this service and it was taken over by the Canadian lines, Alaska would undoubtedly pay higher rates than at present. As an illustration, the Grand Trunk Pacific fare, and I assume the fare is the same over the Canadian Pacific boats from Seattle to Prince Rupert, is $30.78 as against the fare of the Alaska Steamship Co. from Seattle to Ketchikan of $26.50. Prince Rupert is 80 miles south of Ketchikan. Setwart, British Columbia, which is at the head of the Portland Canal, is about the same distance north of Seattle as Ketchikan, and the Canadian line's fare from Seattle to Stewart, British Columbia, is $44.28, as against our fare of $26.50, first class, Seattle to Ketchikan.

As to the freight rates, a comparison of the rates of the Grand Trunk Pacific Steamship Co. between Vancouver and Prince Rupert, or Stewart, British Columbia, and the rates of the American lines between Puget Sound and Ketchikan, will show that the rates of the Canadian lines between these Canadian ports are higher than the rates of the American lines between Puget Sound and Ketchikan. The general merchandise rates—for example, Vancouver to Stewart—is $7 per ton as against the American line's rate of $8 from Seattle to Ketchikan. At the same time the Grand Trunk Pacific maintains a rate of $13 per ton from Seattle to Stewart.

I had hoped that Mr. John H. Bunch, of Seattle, general freight and passenger agent of the Alaska Steamship Co., who appeared before this committee in September, 1917, when it was considering this subject at that time, might be able to be present to-day, but business exigencies prevented. He calls attention to the fact that at the said hearing it was shown that a representative of the Grand Trunk Pacific Railway had information that a bill would soon be passed by Congress that would give foreign lines the coastwise privilege in the trade between the United States and Alaska. At that time the Grand Trunk Pacific Railway was operating its steamers between Seattle and Skagway, Alaska, and was very active in trying to secure Alaska business, and it was very generally understood amongst transportation people in the Pacific northwest that the Grand Trunk Pacific Railway was making a very determined campaign to divert and control the commerce and shipments of Alaska to and through Prince Rupert; that the representatives of the Grand Trunk Pacific Railway had openly declared their intention to secure the business via Prince Rupert and of maintaining rates between Prince Rupert and points in Alaska of not more than two-thirds of the American lines between Puget Sound and points in Alaska. It is a fact that the tariffs of the Grand Trunk Pacific Railway Co. at that time, which named rates between Prince Rupert and points in Alaska, named rates which were one-third and in other cases more than one-third lower than the rates of the American lines between Puget Sound and points in Alaska. I think it was also quite well shown, says Mr. Bunch, at the hearing on H. R. 5609, that Canadian lines were making a very determined effort to secure and divert the commerce of Alaska to and through Prince Rupert.

Mr. CHINDBLOM. What House bill was that—what Congress?

Mr. LAW. That was in 1917. The merchant marine act of 1920, in connection with the shipping act of 1916, establishes a governing body to regulate American ships, which is a guaranty to the ships and business interests of Alaska of just and reasonable rates and practices by American steamship lines serving the Territory. No such assurance exists with respect to the foreign steamship lines operating in Alaskan waters. It is not unreasonable to suppose that Canadian interests would be glad to control a good deal of the commerce of Alaska, and it is the belief of many who favored the merchant marine act of

1920 that if the pending measure becomes a law it will redound more to the benefit of Canada than Alaska and be an opening wedge which may lead to participation by her vessels in all of the coastwise privileges in the trade between the United States and Alaska.

Mr. Bunch says that it is his firm belief that the Grand Trunk Pacific line will maintain the lower rates referred to to and from Prince Rupert only as long as it has the competition of the American lines operating between Puget Sound and Alaska, and that if the American lines should be eliminated the Canadian lines would immediately not only raise their rates to figures higher than Puget Sound rates of the American lines, but would make discriminatory rates between different shippers and different ports, and possibly against points in Alaska, in favor of British Columbia ports. He further says that before the war the southeastern Alaska rates, especially the freight rates, were abnormally low. The great increase of operating costs, caused by the war, forced an increase of the Alaskan rates; but the American lines, especially the Alaska Steamship Co., deferred every rate advance as long as possible, in every case longer than it should have been deferred, and made much smaller advances in rates than conditions justified, notwithstanding which the American lines have been subjected to much unfair and unjust criticism.

I think the committee should consider carefully what will be the result of the law now proposed in its effect upon the American merchant marine. Section 1 of the act of June 5, 1920, declared—

CONGRESS DECLARES UNITED STATES VESSEL A NATIONAL NECESSITY.

"That it is necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United States shall have a merchant marine of the best equipped and most suitable types of vessels sufficient to carry the greater portion of its commerce and serve as a naval or military auxiliary in time of war or national emergency, ultimately to be owned and operated privately by citizens of the United States; and it is hereby declared to be the policy of the United States to do whatever may be necessary to develop and encourage the maintenance of such a merchant marine, and, in so far as may not be inconsistent with the express provisions of this act, the United States Shipping Board shall, in the disposition of vessels and shipping property as hereinafter provided, in the making of rules and regulations, and in the administration of the shipping laws, keep always in view this purpose and object as the primary end to be attained."

Can it be that so soon after the enactment of this essentially American policy Congress can be induced to throw it to the winds by assenting to a provision whose effect might ultimately be to deprive the American steamship and rail lines of the business of the great fishing industry of Alaska? That trade in normal times will amount to 150,000 tons of fish annually southbound and as much freight northbound annually, all of which now passes over the American steamship and rail lines; and there will be keen competition on the part of the British steamship and rail lines to gain that large business, and if it is lost to the American steamship lines it will also be lost to the American rail lines and to American merchants as well. It would simply mean that the great fishing business of Seattle would have to be transferred to the British Columbia towns, Prince Rupert and Vancouver.

I have just referred to the higher fares and rates now prevailing on the Canadian lines between Canadian ports in British Columbia, as compared with the lower fares and rates on the American lines, for practically similar distances, between Seattle and Alaskan ports. This condition is sufficient to warrant the belief that if this bill becomes a law and the American steamship lines are ever eliminated from the Alaskan trade and the people of Alaska have to depend upon the Canadian lines, rates will be provided above and far beyond anything the American lines would charge.

There is no good reason, Mr. Chairman, for taking the drastic action sought by this bill. There is ample tonnage by American vessels to accommodate the Alaskan trade. There is no need for additional tonnage from the Canadian vessels. The American vessels are particularly well adapted to that trade and to those waters, and it is unwise to throw away to foreign competitors, or to take a chance on throwing away to them, the great transportation business of Alaska. American labor and American capital should have the benefit of the Alaskan fish industry, and action should be avoided which may tend to cripple the American steamship and rail lines at a time when they are so much in need of revenue.

In 1917, when an effort was made to exclude Alaska from the then pending bill permitting foreign ships to engage in the coastwise trade of Alaska in certain cases, strong protests came from the fishing industry of Alaska and, with your permission, I will insert them with my remarks—or I could read them now if you would care to listen to them.

The CHAIRMAN. If you will insert them, that will answer.

Mr. LAW. Very well. Mr. Chairman, an avowed object of this legislation is to insure lower rates on Alaskan traffic. This would seem to imply that the American steamship companies operating to Alaska have been charging unjust rates. But is this true? There have been three investigations of Alaska rates by the Government's regulatory bodies.

Mr. SUTHERLAND. Now, Mr. Chairman, I want to say in the record here that there has nothing been said in regard to Alaska rates at all.

Mr. LAW. I beg your pardon; I gave the differences in the rates and showed that the rates on the Canadian lines between British Columbia ports were greater than the rates of the American lines to American ports in Alaska for approximately the same distances.

Mr. SUTHERLAND. Now, while you are doing that give the rates where the American and Canadian boats are in competition, from Seattle to Skagway. Place those rates in—from Seattle to Juneau, Seattle to Ketchikan, or wherever they run. You go away up to Prince Rupert and to the Portland Canal and have not given the rates on the Canadian lines where they are in competition with American lines.

Mr. LAW. Let me finish my statement.

Mr. SUTHERLAND. Yes; put those in.

ALASKA RATES HELD TO BE REASONABLE IN 1916 AND 1918.

Mr. LAW. The first proceeding against the Alaska transportation lines was initiated in 1916 before the Interstate Commerce Commission and resulted in a decision of that tribunal in 1917, after extensive hearings in Alaska and elsewhere, to the effect that the rates were just and reasonable. In 1918 another proceeding was begun against the steamship lines, and the Shipping Board ordered, on its own motion, a general investigation of Alaska rates. This resulted in its decision of 1919 to the effect that the rates were not unreasonable and that the practices of the transportation lines were unobjectionable, save as to the rates on blacksmith coal and certain vegetable products, which gave some preference to Seattle over Anchorage, and this the board required should be corrected on or before December 21, 1919. The steamship companies promptly complied with this requirement. In the course of its decision, the board said:

"It was not seriously contended at the hearings that the increased rates were unreasonable. * * * It affirmatively appears of record that, with the exception of an extra stock dividend paid in 1916 as the result of proceeds from the charter of several vessels to companies engaged in South American and oriental trades and a profitable sale of certain property, the dividends paid by the Alaska (steamship) Co. have averaged 7.7 per cent per annum. The Pacific Co., which has been operated only since November, 1916, had not paid any dividends up to the time of the investigation.

FINDINGS BY SHIPPING BOARD IN 1918.

"There was a significant absence of protests or complaints from important commercial interests and localities directly affected by the increased rates. Many of the interests represented at the hearings admitted the carriers' need of additional revenues, and expressed their willingness to pay such increased rates as might be found to be reasonable. Representatives of substantial commercial interests in southeastern Alaska stated, that while they did not invite increases in rates, yet if the carriers showed insufficient earnings under the old rates, they would acquiesce in increased rates. The opinion was expressed that, in comparison with what they could make in other trades, the carriers were not earning very much on their Alaskan business. A representative of the Alaska labor union at Juneau withdrew the protest of that organization against the rates. Witnesses at Cordova testified that they had no complaint to make either against the rates or against the general conditions of transportation. Witnesses at Anchorage stated that they had paid so much greater increases in freight rates in other directions than they had paid on the Alaskan lines, that

the advances applied by the respondent carriers seemed very moderate; that, in fact, much greater increases had been expected. Representatives of fishing interests admitted the necessity for increased earnings on the part of the carriers, due to increased cost of operation."

The conclusion of the board was that the rate schedules as a whole can not be said to be unreasonable, and its decision was a sweeping vindication of the steamship lines except as to the following finding:

"The maintenance of rates on blacksmith coal and farm products from Puget Sound ports to Juneau, Alaska, lower than rates contemporaneously maintained on like traffic from Anchorage to Juneau is unduly preferential to Puget Sound ports and unduly preferential to Anchorage; and the resulting undue discrimination must be removed."

And the carriers were required to establish, on or before December 31, 1919, rates for the transportation of blacksmith coal and farm products from Anchorage to Juneau, Alaska, "which shall not exceed the rates contemporaneously maintained and applied for like traffic from Puget Sound ports to Juneau." This requirement was promptly complied with by the carriers.

FINDINGS BY BOARD IN PULP RATE INVESTIGATION, MAY 6, 1921.

The next investigation was before the United States Shipping Board, a hearing being held May 6, 1921, before Admiral Benson on complaint of Delegate Sutherland and ex-Delegate Wickersham, charging the Alaskan steamship lines with excessive rates on wood pulp and with discrimination in favor of a pulp industry of British Columbia. The board's conclusion was that the rates offered by the carriers on wood pulp were not unreasonable, and that they should be given a trial, and that the alleged discrimination by the Pacific Steamship Co. in favor of a British pulp industry of British Columbia was not established.

Mr. CHINDBLOM. When was that investigation?

Mr. LAW. That was in May, 1921, this year. Thus every investigation by the two great bodies having the control of rates of common carriers, including steamship lines, has established the fact that the Alaskan steamship rates and practices were reasonable and did not need correction, with the single exception that I have referred to. In that investigation of 1918 the board's opinion was that the Alaska Steamship Co. had made not over 7.7 per cent. That finding, I believe, was based on the book value of their property devoted to transportation purposes in Alaska. The fact was that at that time the value of its property was nearly double the book value and the stock value of its property; so that the profit of the company was even less than 7.7 per cent. I regret to say that business conditions which have affected transportation lines generally have not been ineffective in reducing the income of the Alaska lines. This year the outlook is that our company will probably not make more than 3 per cent on the value of its property devoted to transportation in Alaska.

Mr. CHINDBLOM. On the book value or the actual value?

Mr. LAW. On the actual value, I mean. The book value to-day is practically the same as its actual value. Of course, in 1918, as you are aware, during the war, all steamship values were inflated and while vessels could be sold at enormous prices then, the price has since declined to much lower figures.

Mr. CLARK. In other words the actual value has dropped to the book value of 1919?

Mr. LAW. Yes.

Mr. CHINDBLOM. When you say "actual value," you mean the market value?

Mr. LAW. The market value; yes.

Mr. CHINDBLOM. The sale value?

Mr. LAW. Yes. The Pacific Steamship Co.'s earnings have been even less than those of the Alaska Steamship Co.; so that there seems to be some object for this legislation other than the lowering of rates. Plainly, it is to allow the Canadian lines to participate in the Alaska coastwise trade. If this provision is adopted, it will not only throw the fish business of Alaska open to competition with the Canadian lines, but it will throw every other industry of Alaska open to that competition—under conditions which every one knows favors the use of the Canadian lines; that is to say, the Canadian Government, being the owner of the Canadian line and having been sponsor for its losses when they are operating their steamship lines, could afford to allow their ships to operate at far below actual running expenses in order to get the business for the long rail haul.

AMERICAN COMPANIES IN DANGER OF BEING FORCED OUT OF BUSINESS.

One of the reasons why I appear before this committee is to advise you of this situation and of the probability that even if lower rates were now given by the Canadian lines they would doubtless operate only long enough to put the American lines out of the business and then, following practices for which they are noted, they would probably raise rates and the Alaskans would, in the end, receive no benefit whatever from what they hope to get in the way of lower rates by Canadian carriers.

On this subject of rates, Mr. Stannard, vice president of the Alaska Steamship Co., wrote a letter to the Chamber of Commerce and Commercial Club of Seattle, in April last, and received a letter from the president of that club, in which the following statements are made:

"Referring to your letter of March 18 and April 7, and to articles recently appearing in Seattle and other papers indicating that representations made to President Harding and Secretary Fall, among others, are to the effect that there is at present, and has been in the past, inadequate transportation facilities to and from Alaska and that the rates charged are unreasonable and exorbitant.

"The chamber has carefully looked into this matter, and in order that there may be no misunderstanding of our position, I desire to state that the subject of transportation facilities, rates, and services between Seattle and Alaska has engaged our attention at various times, and our study of the situation has heretofore and does now convince us that the common carriers to and from this port are furnishing a service which is adequate to meet all reasonable demands in territories served by them, and that the rates charged for the service are not exorbitant or unreasonable, considering the existing traffic and transportation conditions, and are not generally higher thant the rates charged between equally distant points on other ocean routes under even more favorable circumstances and conditions."

Said letter next refers to certain excerpts from the Alaska and Transportation Bureau's report adopted May 4, 1920, and submitted to the Payne advisory committee shortly thereafter, one taking exception to the existing postal service with Alaska, which was and is being handled by freight, and the other of which was as follows:

"As a result of the lack of coast surveys and aids to navigation, steamship lines operating to Alaska now pay for insurance on their vessels premiums amounting approximately to 10 per cent of their gross operating revenues. It would assist toward reducing operating costs if the Government would assume the cost of marine insurance in excess of normal rates applicable to vessels operating in other waters.

"In considering the possibility of Government operation of water transportation to Alaska, careful thought must be given to the effect that such operation will have in curtailing the services of private carriers and in stifling individual activities which are all essential to the successful development of the country? If Government operation has the effect of driving from the field the private carriers, it can not be other than disastrous. If this operation is limited to only one section of Alaska it will then mean the loss of revenue to be derived from other sections or it will result in increase of cost and decrease of service to all other section not served by the Government."

It is therefore demonstrated that there is no just cause for complaint against the American steamship lines operating in Alaska respecting their rates. The present bill, I fear, is part of a plan to drive those lines out of business by making it impossible for them to operate at a profit. The object of this bill is to allow the Canadian lines to invade the coastwise trade of Alaska in the hope of securing lower rates.

A bill is now pending before the Senate to authorize the establishment of a Government steamship line between Seattle and Alaska and between ports of Alaska. If that bill becomes a law it means the Government lines will establish rates probably far below the cost of transportation, the losses being absorbed and paid out of the United States Treasury, and if the pending bill becomes a law, also, the result will be that the American steamship lines there will find themselves beset by unfair competition of the Government line (for there is nothing in the Senate bill to prevent this) on the one hand and unfair competition of the Canadian lines on the other, and the withdrawal of the American lines could not well be avoided.

Such a result is unfair. It is in the teeth of the policy announced in the shipping act of 1920 in favor of the encourageemnt of the private operation of

American steamship lines. It is un-American. It is opposed to the intent and spirit of the shipping act, and I trust that this committee will set its face against such a backward step by rejecting the proposal of the pending bill, particularly as in the end it would prove to be contrary to the best interests of Alaskan people.

Mr. CHINDBLOM. I did not observe who was suggesting Government operation?

Mr. LAW. Why, there is a bill now pending in the Senate, known as the New bill, which is designed to authorize the Secretary of the Interior to operate a Government steamship line to Alaska; so that the existing lines up there, the American lines, are confronted with this very serious situation: On the one hand, this committee is asked to turn their business over to the Canadian lines; and, on the other hand, this New bill, if passed, would turn over much of its other business to the Government line, with the result that the American lines would surely be driven out of the trade.

Mr. CHINDBLOM. But that Senate bill is not before this committee?

Mr. LAW. Oh, no; that matter simply happened to be a part of this letter. My particular purpose in referring to that letter was to call attention to the fact that in the opinion of this commerce club the rates to Alaska were all right—that there was nothing wrong with them; and I wanted to make it clear that while the American lines have been endeavoring to give good service to Alaska, and at the same time, to keep the rates down to as low a point as possible in order that they might not operate at a loss, the Canadian lines are charging higher rates for transportation between British Columbia ports, where they have no competition than the American lines are charging between American ports for the same distances. And it only indicates what would happen if this legislation should pass and the American lines be compelled to withdraw.

Mr. CHINDBLOM. Are the Canadian lines punishing their own people?

Mr. LAW. Evidently, when they charge $44.26 to take a passenger from Seattle to Stewart, and our lines are taking them from Seattle to Ketchikan, the same distance, for $26.50.

Mr. CHINDBLOM. Are those very low rates between points about equally distant?

Mr. LAW. Yes; the American lines to the American points have the lower rates.

Mr. CHINDBLOM. Where there is no competition?

Mr. LAW. Yes; there is competition, but the American lines are under control of the Shipping Board as to rates; Canadian lines would not be.

Mr. CLARK. The American lines do not exact high rates to Alaskan points where there is no competition.

Mr. CHINDBLOM. I see.

Mr. CLARK. Do not the American lines, handling passenger business to Alaskan points, meet the Canadian line Alaska rates farther on?

Mr. LAW. Yes.

Mr. CLARK. In other words, is not the American rate to Ketchikan approximately that charged by the Canadian lines, although Ketchikan is farther than the Canadian point, for which they charge higher rates?

Mr. LAW. That is my understanding. I hope I have made it clear, Mr. Chairman, that this legislation is probably and really not advantageous to the Alaska people at all; it will simply mean the turning over of a great industry to the Canadian lines that ought to be preserved for the American people who produced it and ought to have the benefit of it in the future, as they have had in the past, and I hope this legislation will be defeated.

The CHAIRMAN. Have you concluded?

Mr. LAW. Yes, sir.

The CHAIRMAN. Does anyone desire to ask any questions?

Mr. GARFIELD. I would like to ask a question, please. I will state that I would like to be shown in the record as a member of the Juneau, Alaska, Commercial Association, as well as being a member of its executive committee, of Juneau, Alaska.

Mr. CHINDBLOM. You are also a member of the Territorial Commission of Alaska?

Mr. GARFIELD. Fish commission. And I want to speak in this connection as being a member of the Juneau Commercial Association and a member of its executive committee.

Is it not true, Mr. Law, that the passenger rates on the American lines and the Canadian lines are identical between the same points?

Mr. LAW. Very likely; I do not know.

Mr. GARFIELD. You stated, I think, in your——

Mr. LAW. If you will pardon me, these figures have been furnished me by the traffic officers of our company.

Mr. GARFIELD. I see.

Mr. LAW. And I have not personally investigated them. I have no doubt they are correct.

Mr. GARFIELD. Yes.

Mr. LAW. And they are simply presented for the purpose of showing that where the British lines have no competition they charge higher rates between Canadian ports than the American lines do between our domestic ports at the present time for the same distances.

Mr. CLARK. The fact is that Canadian lines charge higher rates to Canadian points than they do to near-by Alaskan points where they meet the American competition. In other words, is not Mr. Garfield correct in this statement, that the passenger rates are the same to American points by both Canadian and American lines?

Mr. GARFIELD. They are.

Mr. LAW. Yes.

Mr. CLARK. Therefore it is apparent from the showing by Mr. Law that where there is no competition the Canadian lines charge higher rates, but where they meet the American-line competition they lower the rate, and presumably therefore, if the American competition were eliminated they would apply higher rates to Alaskan points.

Mr. GARFIELD. I simply want to show that Mr. Law's statement gives the first-class passenger rate from Seattle to a certain point in Alaska as $26, whereas the first-class passenger rate may be one of three different rates, in accordance with the location of the passenger on the vessel, and reaches as much as $43, I think, for the upper-deck room.

Mr. LAW. This first-class rate is, Seattle to Ketchikan, $26.50.

Mr. CLARK. It is probably the minimum rate.

Mr. GARFIELD. Yes; the minimum first-class passenger rate. That is a lower-deck rate.

Mr. LAW. Perhaps.

Mr. GARFIELD. But the medium or intermediate passenger rate would be much higher than that, first class?

Mr. LAW. I inferred that the comparison in the figures I have presented was with the same class of accommodation on the Canadian line.

Mr. GARFIELD. The Canadian-line rate is not regulated the same way as the American-line rate; they have not as many classes of first-class rates as the American lines have. I just wanted to make that statement.

Mr. LAW. Yes.

STATEMENT BY MR. W. L. CLARK, OF SEATTLE, ON BEHALF OF NATIONAL MERCHANT MARINE ASSOCIATION.

Mr. CLARK. I wish to make a statement on behalf of the National Merchant Marine Association. First, permit me to say that if this bill which has been introduced by Mr. Sutherland were enacted it would not accomplish the purpose which he contemplates.

LIMITATIONS OF PROVISO TO SECTION 27 OF MERCHANT MARINE ACT.

The proviso to section 27, which he desires to modify by striking out the word "excluding" and inserting the word "including," as applying to Alaska, now reads in the law as follows:

"*Provided*, That this section shall not apply to merchandise transported between points within continental United States, excluding Alaska, over through routes heretofore or hereafter recognized by the Interstate Commerce Commission, for which rate tariffs have been or shall hereafter be filed with the commission, when such routes are in part over Canadian rail lines and their own or other connecting water facilities."

The Canadian lines have not heretofore filed with the Interstate Commerce Commission rate tariffs as applying to a through route between Alaska and

points within the United States by Canadian rail lines and connecting Canadian water carriers. Please bear that in mind. I will demonstrate that under our laws the Interstate Commerce Commission may not hereafter properly permit those Canadian carriers to file such rate tariffs, and does not possess the authority in law or otherwise to hereafter recognize through routes between points in the United States and Alaska or other United States points via the Canadian rail and water lines.

I would now direct the attention of the committee to section 6 of the interstate commerce act. Paragraph 1 of that section provides for the printing, filing with the commission, and keeping open to the public of rate schedules by common carriers subject to the provisions of the act, and is concluded by a provision that "this section shall apply to all traffic, transportation, and facilities defined in this act."

Paragraph 2 of the section contains provision that schedules of rates for freight carried through a foreign country to another point in the United States shall be printed and kept open for public inspection, but does not provide for the filing of such schedules with the Interstate Commerce Commission. Paragraph 2, referred to, reads as follows:

"(2) Any common carrier subject to the provisions of this act receiving freight in the United States to be carried through a foreign country to any point in the United States shall also in like manner print and keep open to public inspection at every depot or office where such freight is received for shipment schedules showing the through rates established and charged by such common carrier to all points in the United States beyond the foreign country to which it accepts freight for shipment; and any freight shipped from the United States through a foreign country into the United States the through rates on which shall not have been made public, as required by this act, shall before it is admitted into the United States from said foreign country be subject to customs duties as if said freight were of foreign production."

Not only have there been no filings with the commission heretofore covering through routes via Canadian rail and steamer lines between points in the United States and Alaska, but there is no provision in the United States law under which the Interstate Commerce Commission has authority to recognize a through rate and a through route such as is under consideration in connection with this bill. The only authority pertaining to such freight movements is that in paragraph 2 in the law, viz, to require United States carriers to "print and keep open to public inspection at every depot or office where such freight is received for shipment schedules showing the through rates established and charged by such common carriers to all points in the United States beyond the foreign country to which it accepts freight for shipment."

GOODS HERETOFORE MOVED THROUGH CANADA IN DEFIANCE OF UNITED STATES STATUTE.

Dutiable goods which have heretofore moved between United States and Alaska points over the Canadian rail lines and steamer lines have been moved in direct violation of the provisions of paragraph 2 of section 6 of the interstate commerce act, which has not been complied with either as to keeping open for public inspection the through rates as provided in the law nor by enforcement of "collection of customs duties as if said freight were of foreign production," provided as a penalty where through rates are not established and kept open for public inspection.

Transportation beyond the borders of the United States is extraterritorial and can not be controlled by act of Congress. The executive branch of the Government has never negotiated and the Senate has never ratified a treaty which would justify the Interstate Commerce Commission in assuming jurisdiction over through routes or through rates between points in the United States when via Canadian rail and water lines. The commission never actually possessed such jurisdiction, nor has such jurisdiction ever been recognized in the past by Canadian carriers, except when it has suited their purposes so to do and was deemed in their interest.

Furthermore, the Congress in enacting the transportation act of 1920 prevented thereafter such assumption or control by specifically limiting the jurisdiction of the Interstate Commerce Commission so that it could be exercised "only in so far as such transportation * * * takes place within the United States."

Mr. GARFIELD. Just a minute. Is it not true that the interstate commerce rules and laws have been extended to Alaska?

Mr. CLARK. Yes; but only in so far as they govern American carriers through American territory. If you will remember, in the 1916 Alaska rate hearing by the Interstate Commerce Commission the commission in its report included the statement in effect that the Canadian Pacific Steamship Co. and the Grand Trunk Pacific Steamship Co. did not respond to the summons or submit information as to their property investment, the character and volume of their traffic, their operating revenues, expenses, and income.

Mr. GARFIELD. That is correct.

Mr. CLARK. Not being under the jurisdiction of the Interstate Commerce Commission, those Canadian companies properly ignored, as they deemed it their privilege to ignore, the order of the commission to appear and present facts as to their transportation lines. They stood upon their rights to not be questioned regarding discriminations practiced between shippers, nor on any other question for which American transportation companies must under our laws answer to the commission.

LAW WHICH PREVENTS COMMISSION FROM APPROVING EXTRATERRITORIAL ROUTES AND RATES.

The law which specifically limits the commission to jurisdiction over the transportation which takes place within the United States, and thus obviates the possibility of further flaunting disrespect by Canadian lines of orders by the commission made under an assumed authority which does not and never did exist, is written into paragraph 1 and 2 of section 1 of the interstate commerce act, and reads as follows:

"(1) That the provisions of this act shall apply to common carriers engaged in—

"(*a*) The transportation of passengers or property wholly by railroad, or partly by railroad and partly by water when both are used under a common control, management, or arrangement for a continuous carriage or shipment; or

"(*b*) The transportation of oil or other commodities, except water and except natural or artificial gas, by pipe lines, or partly by pipe line and partly by railroad or by water; or

"(*c*) The transmission of intelligence by wire or by wireless, from one State or Territory of the United States, or the District of Columbia, to any other State or Territory of the United States or the District of Columbia, or from one place in a Territory to another place in the same Territory, or from any place in the United States through a foreign country to any other place in the United States, or from or to any place in the United States to or from a foreign country, but only in so far as such transportation or transmission takes place within the United States.

"(2) The provisions of this act shall also apply to such transportation of passengers and property and transmission of intelligence, but only in so far as such transportation or transmission takes place within the United States."

Now, even though the bill under consideration by the committee were favorably reported and enacted, how could it, except by vague and unlawful interpretation, extend to Canadian carriers the right to participate in the transportation of merchandise between points in Alaska and points in the United States, via Vancouver or Prince Rupert if moving such shipment in Canadian vessels? American vessels must even then be used for the water haul. The Interstate Commerce Commission, lacking jurisdiction, has no authority to approve or accept such through routes and through rates. Its jurisdiction ends at the borders of the United States and may not be extended to cover transportation within Canada. Without such recognition by the commission the transportation, if through Canada, may not be in vessels other than vessels of the United States.

Mr. CHINDBLOM. Then the original section 27 of the act of June 5, 1920, contains that language rather inadvertently?

Mr. CLARK. Not inadvertently, but advertently. Those who are interested in preserving intact the coastwise laws of the United States were of the opinion that this proviso, pressed on behalf of Canadian rail and water transportation interests, if interpreted as it now reads, would, in the light of restrictions as to the commission's jurisdiction, go far toward keeping foreign carriers at whose behest and in whose interest it was enacted from further encroaching upon the coastwise trade of the United States.

Mr. CHINDBLOM. But it does refer to tariffs which have heretofore or shall hereafter be filed with said commission, being the Interstate Commerce Commission, when said routes are in part of the Canadian rail lines. Are there such tariffs?

Mr. CLARK. There are but few, principally on the Great Lakes. The practice and the policy of the Canadian carriers has been not to make through rates. Had through rates been made and had they been violated as consistently as have been the combination rates made by such carriers the Interstate Commerce Commission might then have been aroused to the point of disapproving of participation in such routes by American carriers at proportional rates and required of them that they collect their full locals, as the commission now has full authority in the interstate commerce act so to do. The purpose of the Canadian lines in the first proviso to section 27 of the act of June 5, 1920, was to enable them (heavily subsidized as they are by the Canadian Government. their losses in operation borne by the taxpayers of Canada) to continue to undercut the controlled American-line rates upon those commodities which originated within the United States and were destined to another point within the United States. With such enactment, interpreted as they expected it would be interpreted, the Canadian carriers by preferential rates such as the proponents of the measure before the committee have admitted are effective, could divert the business from American carriers to themselves until American water carriers, their business become unprofitable, would be driven from the field of competition.

Section 27, without the proviso, was reported by the Senate Committee on Commerce and enacted by the Senate for the protection of American interests. The provisos were forced onto that section during the conferences between the two houses. The Senate action in passing section 27 without the provisos was the result of testimony placed before the Senate Commerce Committee during the hearings upon what is now known as the merchant marine act, 1920.

BRITISH-OWNED CARRIERS CONTROL ALL YUKON RIVER TRANSPORTATION.

It was demonstrated to that committee, as it had previously been demonstrated to the Interstate and Foreign Commerce Committee of the House during the hearings by that body upon the transportation act, 1920, that by misinterpretation of the coastwise laws of the United States which had protected American carriers in the exclusive occupation of such trade for more than a hundred years. British-flag vessels upon the Yukon River were granted authority by governmental departments of the United States to enter into competition upon that river with American carriers. It was also demonstrated by quotations from a report of the Interstate Commerce Commission upon its Alaska rate investigation, 1916, that subsequent to such authority having been obtained by the foreign carriers, they entered into a ruinous cut-rate war with the one American steamship line upon the Yukon for the business between the United States and the interior of Alaska; that they successfully eliminated their American competitor and bought out its transportation property for $400,000 less than the depreciated book value thereof. This successful attack upon American coastwise carriers was accomplished by a transportation company, the stock and securities of which were entirely owned in London, England. Having gained an exclusive control of the river transportation, this foreign-owned carrier operating but nine of the vessels acquired, is reported by the Interstate Commerce Commission to have made a profit of 11 per cent per annum upon the value not only of the steamers used in operation, but of those which were "tied up" and not used in serving the Alaskan public. These and other salient facts bearing upon this case were set forth in the report on Alaska rate hearings by the commission in 1916. That was the opening wedge of foreign ships in our coastwise trades.

Furthermore, the commission, in its report upon those hearings. candidly admitted its inability to control the rates or practices of the foreign carriers or to exercise jurisdiction over them. Neither could the commission exercise jurisdiction over the extraterritorial rates of the alleged American but foreign-owned carrier organized under the laws of Virginia and owned in London, England, and which now has an exclusive control of all transportation upon the Yukon River.

The second proviso added to section 27 by the conferees was for the sole purpose of permitting these foreign-owned carriers to continue in Yukon River trade until such time as an American-owned substitute could be provided.

Mr. CHINDBLOM. Then the Canadian rail lines have at times furnished rates for through routes when they found it to their advantage?

RATE CUTTING BY CANADIAN CARRIERS TO SECURE AMERICAN SHIPMENTS.

Mr. CLARK. They did not maintain through routes and through rates into Alaska, but made rates that were extraterritorial. Being extraterritorial the Canadian portion of the rate is by Canadian carriers slashed at will. For example, I will read from a copy of a letter of which I have the original, addressed unofficially by the secretary of a mining company of Alaska to an official of the United States in his unofficial person. This letter was handed to me for use in considering Alaska problems. I will therefore omit both the name of the American official and of the writer. The quotation follows:

"Prior to the enactment of the Jones law we were enabled to route freight originating in the eastern part of the United States by American rail lines and the Canadian Pacific Co. to Vancouver; thence via the Canadian Pacific steamers from Vancouver to Alaska, saving an average of 33⅓ per cent of the steamer freight."

There you have the evidence of the cut rate which was given to this one company but which was not given to all shippers. It was accorded to certain shippers for the purpose of causing them to desert American transportation lines and to rely wholly upon the Canadian transportation. The rate was not cut to the shipper or the consignee unless the Canadian rail lines were given the long transcontinental haul within Canada. During the period just preceding the shutting out of these Canadian carriers from participation in the water haul by the enactment of section 27 of the Merchant Marine act, 1920, westbound movement over American rail lines was 45 per cent empty cars. Commodities from the Middle West which moved to eastern centers to feed the population had therefore to pay for that empty car haul, while Canadian rail lines through their water subsidiaries were making special cut rates to shippers to divert westbound freight to the Canadian lines to give them a balanced traffic and keep their roads on a paying basis. The Canadian Pacific Railroad throughout the war had practically a balanced traffic, paid its dividends regularly and stored up a surplus for future use, the while the American lines were appealing to Congress for a subsidy of some kind or for extended loans to enable them to continue in business.

Mr. CHINDBLOM. We are too ethical.

Mr. CLARK. We are very much too ethical; and when you hear some of the things which I wish to relate when treating the broader phase of this question, you will realize that we are more than ethical, we have been foolish. While on this phase of the subject I will read into the record, with the permission of the chairman, a list of cash subsidies paid to these Canadian rail lines by the Government of Canada over a period of from 15 to 35 years. The facts were brought into the open and became public through correspondence between the Right Hon. Sir Robert L. Borden, of Ottawa, and Mr. Alfred W. Smithers, of London, chairman of the board of directors of the grand Trunk Railway Co., during the negotiations by the Government of Canada for the purchase by it of the properties of the Grand Trunk Railway Co. The figures which I am about to insert are set forth in Senate Document No. 162 of the Sixty-sixth Congress, on page 203. Senate Document No. 162 is a most interesting report by the Interstate Commerce Commission, made in response to a resolution by the United States Senate, upon the Canadian control of railroads within the United States.

STATEMENT BY MR. GARFIELD, OF JUNEAU, FOR JUNEAU COMMERCIAL ASSOCIATION.

Mr. GARFIELD. Pardon me just a minute. Would you yield the floor to me for just a few minutes while I make a statement on behalf of the Commercial Association of Juneau, because I have come a long way and my time is limited in Washington and I would like to be on my way home?

Mr. CLARK. I will be very glad to do so.

Mr. GARFIELD. And this will probably go into a night session and I would like at this time to make a statement, if you will kindly grant me that privilege.

Mr. CLARK. I will be very glad to do so.

Mr. GARFIELD. And if it is agreeable to the committee.

The CHAIRMAN. Go ahead.

Mr. GARFIELD. As I stated before, I am speaking now for the Juneau Commercial Association. The suit which was initiated to test the validity of section 27 of the Jones bill was at the instance of the Juneau Commercial

Association. The consignment of goods that was used in that test case was paid for by the Juneau Commercial Association. The Legislature of the Territory of Alaska made provision for and authorized the expense and the office of the attorney general of the Territory for the purpose of conducting that suit and carrying it, if necessary, to the Supreme Court of the United States. The suit was begun in the district court of the first judicial division of Alaska. The hearing was held at Ketchikan, and in that case it was decided that the act was constitutional. From this the Territory has appealed to the Supreme Court of the United States, and up to this time the case has not been presented and no decision has been rendered. Meanwhile the act is in force.

The Juneau Commercial Association took this action because it was their profound belief that there was an unjust discrimination against the Territory in the passage of this measure owing to the trade and business conditions which existed along the border of the United States; the intercountry traffic was not interfered with, but as has been so deftly put by Mr. Clark, for the protection of the coastwise shipping of our country and for the furtherance of the American merchant marine it was sought to confine all of the business between the United States and Alaska to the American lines. Is that right, Mr. Clark?

Mr. CLARK. You mean that section 27 sought to accomplish that?

Mr. GARFIELD. Yes.

SECTION 27 WAS TO RESTORE PROTECTION TO ALL AMERICAN COASTWISE VESSELS.

Mr. CLARK. By section 27 the Senate sought to restore conditions which had existed without successful protest by foreigners for over a hundred years; conditions under which Alaska had its greatest and best development; conditions which required that only United States vessels could be used for the carriage into Alaska of United States merchandise, whether such movement was from a United States port direct or from a Canadian port in completion of a transit through Canada. All during the period of the Klondike rush and up until the year 1913 the Canadian Pacific Railway Co. had arrangements with American transportation companies to handle between Vancouver and Alaska merchandise of this character. In the days of the Klondike rush, back in 1898, such merchandise moving between Vancouver and Skagway, between Vancouver and Dyea, where began the trails to the interior, or between Vancouver and St. Michaels, the all-water route was handled exclusively in American vessels. The Canadian lines sought interpretation which would permit using the British vessels for such transportation, whereupon the Treasury Department at that time denied that such interpretation of law was permissible. On the claim being made by Canadian rail line representatives that they could defeat the law as it then read Congress, upon the request of the Secretary of the Treasury, reenacted the legislation, strengthening it to prevent such possibility. The interpretation of the law by the Treasury Department at that time was successful in preventing the foreign vessels from engaging in this coastwise trade, whether direct or by foreign ports, and that interpretation continued down to 1913.

Mr. GARFIELD. And all the time they ran boats of their own?

Mr. CLARK. Yes; but only for the carrying of merchandise which originated in Canada. To such carriage by Canadian vessels there is not the slightest objection, nor would such objection be valid if made. Section 27 does not even prevent the movement of United States merchandise over rail lines through Canada. Such movement is economically wrong so far as the United States is concerned, and will always operate to prevent United States citizens from enjoying low freight rates over United States railroads; but section 27, as originally drawn and passed by the Senate, merely sought to protect and hold to United States shipping the water transportation in the same manner in which it had been protected by our laws from the beginning of our Government up to 1913. Canadian rail lines would experience no difficulty in again making arrangements with American-owned water carriers under the American flag for the handling of its American business, whether between Vancouver or Prince Rupert and Alaska, provided the division of earnings was on a basis fair and equitable to the water carrier. Neither would Canadian rail lines be prevented by section 27 from cutting the rail rate, as against the rates of the American rail lines, to as low a point as they desired in their efforts to divert Alaskan business away from their American rail competitors.

Mr. GARFIELD. Ever since I have been a resident of the Territory of Alaska—and that extends over a period of 25 years—Canadian vessels have been operat-

ing to points in Alaska for Canadian ports as well as American vessels from American ports. For a number of years American vessels also called at Canadian ports and operated through to Alaskan ports. The Canadian vessels, we have always understood, were operated primarily to carry the traffic of lower Canada through the intermediate waters to upper Canada; in other words, that the traffic that came through Vancouver and Victoria passed up through the inland passage, through Canadian waters, into the American waters at Dixons Entrance, and proceeded to Skagway, where the goods were then discharged and went either over the trail or by the White Pass Yukon Railroad to the interior.

Mr. CHINDBLOM. Of Canada?

Mr. GARFIELD. Of Canada. And that is the way that traffic is conducted to-day, just the same as it was conducted during the Klondike days. We have before us a peculiar situation. On the one hand the Government is spending fifty to sixty million dollars for the development of the interior of Alaska through furnishing transportation by the Government railroad from Seward to Fairbanks. On the other hand, we have a law passed by the Government which seems to withdraw from Alaska the opportunity of free trade and development through the natural channel which trade takes to the United States. When I speak of the natural channel which now exists I mean over the Grand Trunk Pacific Railway from points along the eastern border of the United States to Prince Rupert, British Columbia. Passengers and freight going over this railroad from points in Alaska to the east save from two to three days' time in their transportation.

Mr. CLARK. May I interrupt you for a question?

Mr. GARFIELD. Yes.

SECTION 27 DOES NOT PREVENT MOVEMENTS THROUGH CANADA.

Mr. CLARK. You imply that section 27 stops movement of United States merchandise through Canada. There is nothing to prevent such movement so long as the water movement is in American bottoms, as it was always required to be prior to 1913.

Mr. GARFIELD. Very true; but we have not those American bottoms to carry the freight.

Mr. CLARK. You mean your business through Canada is not offered to American bottoms at a compensatory rate?

Mr. GARFIELD. The American bottoms are not operating there to-day in that trade.

Mr. CLARK. Naturally; because, as was found in the case of the New England Fish Co., disregarding the law, you still continued to ship in the Canadian steamers.

Mr. GARFIELD. I will tell you why, Mr. Clark. They are not operating because there is not traffic enough both ways to keep those lines in operation. Now, if we were permitted to bring American goods from the eastern markets and factories to Alaska over the Grand Trunk Railroad and ship them into Alaska, if that traffic was large enough, and in return we sent our fresh fish and other products of Alaska over that same route, there would be sufficient traffic to warrant it, and probably there would be American boats there to handle it.

Mr. CLARK. Mr. Garfield, you are in the customs service also, are you not?

Mr. GARFIELD. Yes.

Mr. CLARK. Of the United States Government?

Mr. GARFIELD. Yes.

Mr. CLARK. Then you must be aware that the *City of Seattle* and the *City of Spokane*, both American passenger and freight steamers, each with cold-storage space, were operated between Seattle and Alaska via Prince Rupert in both directions by the Pacific Steamship Co., the American company in this hearing that is being criticized for the Canadian benefit, and that those steamers were operated for about a year and a half?

Mr. GARFIELD. They were.

Mr. CLARK. Are you not aware of the fact that during the entire time these vessels operated to Alaska via Prince Rupert they were not used by Alaska shippers for the carrying of freight to Prince Rupert, nor by the Canadian rail lines for delivering freight from Prince Rupert to Alaska? Are you not aware that when these vessels were so operated the Canadian Government authorities prevented their carrying American-caught fish in export from Prince

Rupert to Seattle, and that these vessels were withdrawn from such Prince Rupert calls because the discrimination by the Canadian rail lines and by Alaska shippers and the Canadian Government was of a character to prevent their operation being successful?

Mr. GARFIELD. What was the cause of that discrimination?

Mr. CLARK. If you mean the refusal to permit these United States vessels to carry fish from Prince Rupert to Seattle, such discrimination was to prevent American purchasers at Prince Rupert of fish caught by American fishermen from being successful in their competition with the Canadian Fish & Cold Storage Co., a Canadian subsidized concern located at Prince Rupert. The story in complete detail is set forth in a plea to the President and to the Congress made by the American fishing interests upon the Pacific coast in August, 1916. I have already mentioned this effort by American fishing interests as having been opposed by the New England Fish Co. With the permission of the chairman I will place a copy of this brief and plea in the record in order that the members of the committee may have opportunity to know the extent and character of the discrimination practiced for the purpose, as set forth in a Canadian order in council, of bringing about the transfer of the American fishing fleet from American to Canadian registry.

(The report follows:)

CANADA ATTEMPTS ABSORPTION OF AMERICAN FISHERIES—PROTEST FROM PACIFIC COAST FISHERY INTERESTS.

SEATTLE, WASH., *August 10, 1916.*

To the PRESIDENT:

SIR: We respectfully invite your attention to the attached statement of conditions superinduced by legislative acts of Canada and their interpretation, which threaten to exterminate the American fresh fish industry of Alaska and the Pacific Northwest, and bespeak your consideration of the facts presented.

It is apparent from the evidence submitted that Canadian activities and control and the handicaps which that country has imposed on the American interests have resulted in:

First: The diversion of the American fishing fleet from Alaska towns and Puget Sound to Prince Rupert.

Second. Shortening the fresh fish supply for the American markets.

Third. Decreasing the average price received by American fishing vessels at Prince Rupert for their catch below that paid for the catch of Canadian vessels.

Fourth. Increasing cost to the American consumer over 200 per cent.

Fifth. Diverting to Canada from Alaska and Puget Sound the benefits from the fishing industry built by American capital and labor, engaged in supplying the American markets.

These results with others, and the details of the methods employed by Canada, also Canada's expressed intention to acquire the American fleet for Canadian registry, are covered in the attached statement. To counteract the Canadian orders in council and make them harmless to American interests, it was proposed and approved by the governmental departments that Congress should enact as a part of the revenue bill:

"That from and after 90 days after the passage of this act no fresh or frozen halibut or salmon from the North Pacific Ocean or its tributary waters shall be admitted into the United States through any foreign country, except when the same shall be in bond from an American port."

We are given to understand that in line with your announced policy, "American interests paramount," you approved the proposed law. It was later introduced in the House as a separate bill (H. R. 15839) and referred to the Ways and Means Committee. Before this committee had reported the bill, protest against its passage was filed by the British ambassador, alleging "unfriendly action" and making claims of "heavy investments by Canada for the benefit of the American fishing interests." A complete refutation of the claims of the British ambassador is found in the attached statement of facts.

We are further advised that Senator Chamberlain, on July 19, gave notice to the Senate of intent to offer as amendment to the revenue bill the subject matter of H. R. 15839; that the proposed amendment was referred to the Committee on Finance and ordered to be printed; and that further action waits upon the State Department.

On behalf of the fishing interests of the Northwest, we desire to convey to you the knowledge of existing conditions known to them, adversely affecting

them individually and collectively. The conditions have not changed since this measure was introduced in Congress. The protest of the British ambassador does not alter the present injustice to American interests or modify Canada's expressed intention to divert to Canadian ports this purely American industry and to bring the American fleet under Canadian registry.

The facts demand that in justice to American interests the United States must insist that the passage of this measure is no unfriendly act toward Canada. That country is now engaged in other attempts to build, with American commerce, Canadian business and transportation, and must not be permitted to establish precedent so destructive of the interests of Alaska and the United States.

We are convinced that if you were to request the passage of Senator Chamberlain's amendment it would be accepted by Congress. We believe that, possessed of these additional facts, your interest in the welfare of all the people will cause you to take such action as will insure adding this measure to the revenue bill.

We have taken the liberty of sending copies of this communication to the honorable Secretaries of State, Treasury, and Commerce and to the sponsors of this measure in Congress, that all may be fully informed of the necessity for immediate action by Congress.

We have the honor to remain,
Respectfully,

SEATTLE CHAMBER OF COMMERCE.
(Signed) THOMAS BURKE, *President.*
ALASKA BUREAU.
(Signed) J. L. MCPHERSON, *Secretary.*

AMERICAN FISHING A VANISHING INDUSTRY.

The American fresh fish industry of the Pacific Northwest represents a capital investment at American ports on Puget Sound alone, not including Alaska, of over $5,000,000 and furnishes employment to thousands of American citizens. This industry is threatened with extinction, the direct result of discriminatory Canadian legislation, coupled with the failure of our own Government to inform itself as to the conditions, and the causes therefor, and to provide the American legislation required to counteract the acts of Canada.

FIFTY PER CENT LOST WITHIN 12 MONTHS.

Already and within the past year approximately 50 per cent of the American fresh fish business of the Pacific coast has been diverted to Canadian ports as the direct result of the legislative causes referred to, and as a consequence freezing and storage plants and other facilities at Puget Sound ports are either idle or only partially employed. The entire industry must inevitably meet the same fate, making valueless the American investment if present conditions are not remedied.

PRICE OF FISH TO CONSUMER 200 PER CENT HIGHER—FISH BECOMING A LUXURY.

Canada's methods have not only greatly endangered the American investment and threatened the loss of employment to American labor but have caused an increase of more than 200 per cent in the cost to the American consumer of an essential food supply. American halibut, which should serve as a staple and economic food for the mass of the people, has become a luxury limited to the few. Meanwhile the American industry languishes and will continue to decline until Congress makes provision which will make it impossible for Canada to consummate plans so adverse to the interests of the people of the United States.

CONGRESSIONAL ACTION RECOMMENDED—THE REMEDY.

The need for congressional action became so apparent to the honorable Secretary of Commerce that he recommended a measure for consideration by Congress worded as follows:

"That from and after 90 days from the passage of this act no fresh or frozen halibut or salmon from the North Pacific Ocean or its tributary waters shall be admitted into the United States through any foreign country except when the same shall be in bond from an American port."

CANADIAN FISH NOT BARRED FROM AMERICAN MARKETS—COME IN DUTY FREE.

This was not designed to bar nor would it bar from United States markets fish caught by Canadian vessels.

It does not assess against Canadian-caught fish a prohibitive duty, such as Canada imposes on the catch of American vessels.

AMERICAN FISH BARRED IN CANADA.

It does not deny the Canadian fishing vessels the privelege of marketing their fish direct at an American port for American consumption, though American fishermen are especially prohibited by Canadian law from marketing their fish in Canada direct from the fishing boats, even on payment of duty. They must be shipped there by commercial steamers.

It does not even prohibit either the Canadian or American fish from finding entrance into the United States, through and across Canadian territory. It simply provides against the unfair and unjust discriminations of Canadian orders in council, by requiring that all fish for American markets shall, if destined through a foreign country, be in bond from an American port.

This restriction would grant equal advantage to the American and Canadian fleet and absolutely break the Canadian control of the American market and prices.

BILL APPROVED BY CABINET OFFICERS—THE BRITISH PROTEST.

The Department of Commerce measure was accorded the "O. K." of both Treasury and State Departments and was approved by the President himself. Supplemented by those recommendations, it was placed with the Ways and Means Committee of the House, which indicated its purpose to report the bill favorably. At this juncture the attempt of the United States to retain a measure of control for its markets of so important a food supply, and prevent the success of Canada's attempt at assimilation of this important industry was characterized by the British ambassador as an "unfriendly act" and he protested the passage of the bill by Congress, claiming that the Canadian Government had made heavy investments for the benefit of this business and (by inference) that it should be permitted to carry out its purpose. A highwayman could with equal justification protest against resistance on the part of his victim, on the plea that he had invested in weapons with which to accomplish the "hold-up."

CANADIAN INVESTMENTS NOT FOR AMERICAN FISHERMEN.

Heavy investments by Canada for the benefit of American interests are not apparent to the American firms directly engaged in the fish business who have been forced by the conditions to go to Canadian ports to purchase American fish for American markets.

The Canadian Government erected a dock at Prince Rupert—the "Provincial Dock"—at an expense approximating $50,000 for the accommodation of other business which did not materialize. When, after failure to build up a purely Canadian fleet, the successful attempts were made to secure the business of the American fleet, vacant space on this wharf was leased to American firms, on which they erected houses and appliances for handling fish. Notwithstanding a stiff rental was charged, the space and all appliances provided by the tenant were subject to joint user by others, except only when actually employed by the tenant. In addition, the American firms were required to pay a wharfage of 50 cents per ton on all fish, ice, or even empty boxes handled in the leased space.

GOVERNMENT SUBSIDIZED STORAGE PLANT COMPETITOR OF AMERICAN INTERESTS.

The Canadian Fish & Cold Storage Co., aided by subsidy from the Canadian Government, has erected a freezing and storage plant at Prince Rupert. As that company, which we will hereinafter refer to as the "Government plant," is a competitor of the American fishing interests, its subsidized investment can not surely be accredited to be a benefit to interests with which it is in competition.

ONLY INVESTMENTS ARE THOSE MADE BY AMERICAN INTERESTS.

The facts all considered, it remains that the only investments in Canada for the benefit of American fishing interests have been made by those interests, and they would willingly abandon their Canadian investments if by so doing they could be relieved from the necessity of transacting the buying end of their business at Canadian ports handicapped by convenient Canadian orders in council designed both by construction and interpretation to prevent economic operation by American concerns.

NOT UNFRIENDLY TO ATTEMPT RECOVERY OF AMERICAN INDUSTRY.

We are at a loss to understand how it could be construed to be an unfriendly act for the United States to attempt to recover from Canada and bring back to its own ports an industry fostered and built by American capital, the product of which, under normal conditions, must and does find an American market by reason of the fact that Canada protects her fishing interests from competition by placing a prohibitive duty on the American catch. As well say that it is an unfriendly act to recover stolen goods.

PAST AND PRESENT HISTORY.

As the means to a better understanding of the conditions which necessitate the passage of the measure which the British ambassador calls "unfriendly," we desire to set forth somewhat in detail past conditions and present Canadian activities toward control of the American halibut and fresh-fish supply and markets, and as a further aid to set forth the halibut-fishing grounds and the best seasons for each.

From about the middle of May to the middle of July the halibut feed on the banks off the coast of Oregon and Washington. From about August 1 to November 1, the best grounds are in Hecate Straits, south of Prince Rupert and Ketchikan. After November and until about April most of the fish are caught from Icy Straits, just south of Juneau, to the most northerly and westerly known feeding grounds—Portlock Bank.

The halibut fishing on the coast was inaugurated in the early eighties, when an American company, operating from Puget Sound, commenced fishing halibut for local consumption and for eastern markets, making shipments by refrigerator-car service furnished by the Northern Pacific Railway Co., which had completed its road to tidewater on Puget Sound. This company operated one small fishing vessel and iced and loaded its catch into cars on the open dock of the railway company at Tacoma.

From this small beginning, which was entirely experimental, the American fresh-fish industry grew and expanded, so that in 1914, before Canada had commenced the campaign for its absorption, the American investment represented a cash outlay of over $5,000,000. The halibut and salmon fleet aggregated nearly 400 American documented vessels, and the vessels and freezing and storage plants furnished employment to thousands of American citizens.

THE FIRST CANADIAN TRY FOR AMERICAN MARKETS.

The first attempt by Canada to compete in the American markets was made by the Canadian Pacific Railway Co.—a Government aided road—in 1899, when through its influence an order in council was procured according to certain American vessels subsidized to fish for American markets from a Canadian port, the hitherto ungranted privilege of discharging the American catch in Canada in bond for movement to a United States market through Canada free from the payment of the Canadian duties. This was ostensibly open to all American boats, but contained the restriction "direct from vessel to cars," which restriction was not enforced against the subsidized interests which established freezing plants at Vancouver, British Columbia.

SECRET CUT RATE SUBSIDY.

The subsidy took the form of a secret and very low express rate, arranged through the Canadian Government's protégé, the Canadian Pacific Railway, and its subsidiary or allied corporation, the Dominion Express Co. This subsidy

enabled vessels fishing from Canadian ports to place their catch in cities of the East at wholesale prices which could not be met by American port boats.

METHOD OF KEEPING CUT RATE SECRET.

To prevent knowledge of the rate coming to American lines, it was the practice to require prepayment of the Canadian line proportion of the through published tariff rate less the agreed rebate, the American lines collecting at destination their proportion of the through published rate.

NORTHERN PACIFIC EQUALIZES THE CANADIAN SUBSIDY.

This continued until it was uncovered by the American fishing interests and brought to the attention of J. M. Hannaford, then traffic manager of the Northern Pacific Railway, who, after satisfying himself as to the facts, put into effect a 3-cent net weight rate on fish from Seattle and Tacoma to New York and Boston. A storm of protest arose from Canada, but the Canadian advantage was broken.

CANADA REBATES CANADIAN VESSELS THE AMERICAN DUTY.

To encourage Canadian fishing for American market, the Dominion Government then began the system of rebating to Canadian vessels the United States duty at that time assessed on fish entering the American markets from Canada. This placed Canadian ports on a par of advantage with American ports in supplying American markets and gave a real impetus to Canadian fisheries.

PRIVILEGES TO CANADIAN VESSELS IN AMERICAN PORTS.

Canadian fishing vessels have always been accorded every courtesy and privilege in American ports. They are permitted to come into American harbors and purchase bait, ice, and supplies.

SIMILAR PRIVILEGES DENIED AMERICAN VESSELS BY CANADA.

Prior to 1915, when Canadian methods assumed a more subtle turn, no American vessels—excepting those subsidized by Canada to fish for American markets—could buy bait, ice, or supplies in Canada. The small fish used as bait are scarce in Canadian and Alaskan waters in May, June, and July and scarce in American United States waters from August to November. The privilege of bait buying has, therefore, a very important bearing on the fishing competition of the two countries. In this matter we furnish Canada means of competition which they denied to us up to 1915 and yet deny to all vessels desiring to market their catch in an American port.

This is a striking example of the comity of each nation to the other's fleet.

UNFAIR METHODS OF ARREST OF AMERICAN VESSELS.

At all times the Canadian authorities have enforced every law and regulation against the American fleet and have seized on the slightest pretext and sold vessels of American subjects alleged to have violated Canadian laws or orders in council, or for fishing within the 3-mile limit and have even "tolled" vessels from off the high seas near enough to the unmarked boundary to be apparent justification of an arrest. The history of such cases are too lengthy to present here, but they are not complimentary to the character of justice meted to Americans in Canadian courts, as may be ascertained by reference to the evidence and findings.

CANADIAN VESSELS VIOLATE AMERICAN REGULATIONS.

On the other hand, Canadian vessels have fished in American waters, have solicited, sold, and delivered Canadian merchandise to vessels in American waters and have purchased and carried back to Canada return cargoes of fish caught in inland waters of the United States without the formality of entering or clearing at United States customs either the vessels of their cargoes. They have braved with impunity the violations of our every law and regulation,

secure in the belief that a "British protest" alleging "unfriendly action" would minimize the penalty in case of seizure.

The Canadian Government, under the subtle influences of the Canadian Pacific Railway, continued to harass American fishing interests, always, however, adroit enough to avoid making too apparent its ultimate purpose and design of absorbing the fishing industry of the Pacific Northwest. In spite of the Canadian handicap, against which this country did not protest, American fishing flourished until new Canadian conditions and new Canadian aspirations prompted that country, emboldened by our humility, to place additional tentacles about the industry, to draw it the more surely within its control.

THE SUBSIDIZED GRAND TRUNK PACIFIC COMPLETED.

The Canadian Government is accredited with an investment of $170,000,000 in bonds of the Grand Trunk Pacific Railway Co. as a subsidy toward the construction of that road, which was completed through and across an uninhabited and for the greater part uninhabitable country beyond Saskatchewan to a western terminus at Prince Rupert on Chatham Sound at the southern border of Alaska.

BUSINESS OF CANADA INSUFFICIENT TO JUSTIFY GRAND TRUNK CONSTRUCTION—WAS BUILT TO DIVERT ALASKA'S TRAVEL AND FREIGHTS THROUGH CANADA.

The construction of the Grand Trunk Pacific was unwarranted by any business now existent or likely to be developed in the Canadian territory through which that line was built and it is patent even to the casual investigator that in constructing the Grand Trunk Pacific Canada had in mind the diversion of Alaska's business from the United States to and through Canada. This belief is confirmed both by public statements of officials of that company and by its efforts to secure from Treasury Department officials interpretations of law which would place its alien steamers on a par with vessels documented in the United States in competing for Alaska's freight and passenger business between United States ports via Prince Rupert.

CANADA SUBSIDIZES THE CANADIAN FISH & COLD STORAGE CO. AT PRINCE RUPERT.

In an attempt to create tonnage for the Grand Trunk Pacific Railway and build up the Canadian fisheries Canada then subsidized the construction at Prince Rupert by the Canadian Fish & Cold Storage Co. of a freezing and storage plant.

We have covered there developments in sufficient detail to demonstrate that neither the Grand Trunk Pacific and its terminals at Prince Rupert nor the Government dock or its storage plant at that point were provided for the benefit of the American fishing interests, as up to this time American fishing boats, other than those of the "special interests" mentioned, were not permitted the privileges of Canadian ports, but were harassed by Canadian authorities on all occasions. Any facilities for the fishing industry at Prince Rupert built with Canadian money, either Government or private, were provided for the purpose of encouraging Canadian competition with American interests for American markets.

UNABLE TO COMPETE CANADA PLANS FILCHING AMERICAN FLEET.

Canada's subsidized fishing interests could not supply the desired tonnage for rail shipment over the Government road, and Canada then conceived the plan of making fair promises to induce the American fleet to frequent Prince Rupert, with the avowed purpose of bringing the American vessels to adopt Canadian registry.

This plan was announced and legalized by order in council, P. C. 468, dated March 9, 1915, which is so insultingly frank in its stated purpose that we give it here in full:

"Whereas by order in council, dated 10th of December, 1914, it is provided that for a period of 12 months from the 1st of January, 1915, foreigners or foreign corporations bringing fresh fish in vessels registered in the United States of America to any port in British Columbia shall be permitted to land such fresh fish at such port without payment of duties, and reship the same in bond to any port in the United States (without the right, however, to sell in Canada any

of such fresh fish so landed), and foreigners and foreign corporations bringing fresh fish in vessels registered in the United States of America to any port in British Columbia shall be permitted to purchase supplies at any port in the said Province of British of Columbia, the whole under such regulations and conditions as the minister of customs shall determine; and

"Whereas the said privileges are restricted to foreigners or foreign corporations bringing fish in vessels registered in the United States of America and shipping such fish in bond direct from the vessels; and

"Whereas this prevents smaller vessels or boats, the catches of which will not make a carload, or the owners or operators of which may not be in a position to themselves ship their fish to the eastern United States markets, from availing themselves of the privilege; and

"Whereas the minister of the naval service is informed that in view of the fact that Prince Rupert is several hundred miles nearer the fishing grounds than Seattle and as the Grand Trunk Pacific Railway is now operating so that fish can as readily be shipped to the eastern United States markets from Prince Rupert as from Seattle, if such boats and smaller vessels were permitted to go to Prince Rupert and sell their catches to some person or corporation which would in turn ship them in bond to the United States, and if such vessels or boats were then permitted to purchase supplies for their fishing operations a considerable number of them would transfer their base of operations from Seattle to Prince Rupert, and would probably later transfer their vessels or boats to the Canadian registry and permanently operate from Prince Rupert; and

"Whereas, the bonding and outfitting privileges have been renewed to vessels shipping their own catches direct, and it is deemed advisable that such privileges should for this year be available to smaller vessels and boats; now

"Therefore, His Royal Highness the Governor General, in council, is pleased to order and it is hereby ordered as follows:

"The said order in council of the 10th of December, 1914, is amended to provide that:

"During the present calendar year (1915) foreigners or foreign corporations bringing fresh fish in vessels registered in the United States of America to any port in British Columbia shall be permitted to land such fresh fish at any port without payment of duties and transship the same in bond to any port in the United States, or to sell such fish in bond to such local dealer or dealers as may be properly and duly licensed therefor, under the regulations and conditions hereinafter mentioned, which dealer or dealers shall export the same in compliance with the bonding requirements (without the right, however, in either instance to sell in Canada for consumption therein, or otherwise except in bond. any of such fresh fish so landed); and such foreigners and foreign corporations bringing fresh fish in vessels registered in the United States of America to any port in British Columbia shall be permitted to purchase supplies and ship crews for such vessels at any port in the said Province of British Columbia, the whole under such regulations and conditions as the minister of customs may determine."

CANADIAN CONCESSIONS NOT EQUITABLE TO THE UNITED STATES.

Canada in making these concessions was not actuated by any friendly interest in the United States. It did not grant the privileges accorded to American interests by this order in council on the equitable basis of similar privileges granted by the United States to Canadian interests. It exacted a heavy toll in exchange and bound the American industry to Canadian ports as with chains.

THE BEARING OF "BAIT" ON THE HALIBUT INDUSTRY—CANADIAN VESSELS UNRESTRICTED AS TO PURCHASE OF BAIT IN UNITED STATES.

As has been noted, the small fish used for bait are plentiful in United States inland waters during the best season for halibut on the Oregon and Washington banks and are scarce in Canadian inland waters during the same period. The Conditions are exactly reversed during the Hecate Strait season of heavy catch. Bait is then scarce in United States waters and plentiful in Canadian waters. Canadian vessels fishing the Oregon and Washigton banks deliver their fish to Canadian ports, and on their way back to the fishing grounds drop into a United States port and purchase bait without stipulation of American market for their catch.

Prior to January 1, 1915, at all times during the Hecate Straits season of August to November and the later season when bait is plentiful in British Co-

lumbia and scarce in the United States, American boats outside the "special interest" vessels, having marketed their catch in an American port, were compelled to go into Alaska waters for bait. Canada absolutely denied them the privilege of purchasing British Columbia bait at any price.

BAITING THE TRAP FOR THE AMERICAN FLEET.

Canada could not have used any lure as effective as the lure of "bait" used in its order in council to draw the American fleet into the Canadian trap. When offered in the season of northern fishing it was especially potent to force American fish cargoes into Prince Rupert. Its immediate effect was to attract to Prince Rupert a considerable portion of the fleet; in 1916 the order in council was renewed, with additional provisions. The text is here quoted in full:

"During the present calendar year (1916) foreigners or foreign corporations bringing fresh fish in vessels registered in the United States to any port in British Columbia shall be permitted to land such fresh fish at such port without payment of duties, and transship the same in bond to any port in the United States, or to sell such fish in bond to such local dealer or dealers as may be properly and duly licensed therefor under the regulations and conditions hereinafter mentioned, which dealer or dealers shall export the same in compliance with the bonding requirements, but without the right, however, in either instance to sell in Canada for consumption therein or otherwise, except in bond, any of such fresh fish so landed; and such foreigners and foreign corporations bringing fresh fish in vessels registered in the United States of America to any port in the said Province of British Columbia shall be permitted to purchase bait and supplies and ship crews for such vessels at any port in the said Province of British Columbia; provided also, that such foreigners and foreign corporations before bringing fresh fish to a port in British Columbia may be permitted to purchase bait at any port in said Province of British Columbia upon an undertaking to the satisfaction of the minister of customs that catches of fish made with any baiting so supplied shall be landed at any port on the mainland of British Columbia, and be thence forwarded in bond to a port in the United States, the whole under such regulations and conditions as the minister of customs may determine.

THE ENDLESS BAIT CHAIN BINDING THE INDUSTRY TO CANADA.

It will be noted that the 1916 order in council modifies the former order in council by providing that the operator of any American vessel may purchase bait in Canada on executing an "undertaking" to the satisfaction of the minister of customs to land the catch from such bait at any port of British Columbia. Once bait was so taken in Canada, it became an endless chain to force all subsequent catches into Canadian ports. There was no way to escape except to make an empty and therefore profitless, though expensive, trip to the United States and start anew from a United States port.

THE PENALTY FOR BREAKING THE BAIT CHAIN.

The penalty for failure to pay to Canada its "pound of flesh" in return for the opportunity to buy bait is made so apparent to all that but few vessel owners have had the temerity to evade the payment, and they have since been officially denied the privilege of purchasing supplies or bait in a Canadian port. So does Canada punish any effort of the American fleet to break from the Canadian control.

THE FLEET GOES TO PRINCE RUPERT.

Fair promises by word of mouth and orders in council enticed the vessels of American fleet to Prince Rupert. Once the endless bait chain was set in motion, to that point they must needs return with their catch, and, taking bait, of necessity with the next catch, and in this manner Prince Rupert secured the bulk of the American fish.

THE CANADIAN MONOPOLY SCALPS THE AMERICAN MARKETS AND FISHERMEN.

Halibut, though plentiful at Prince Rupert, became scarce on Puget Sound. At Prince Rupert, where the "Government plant" held the buying market exclusively, the fishermen having placed themselves under the thralldom of the

Canadian bait contracts, which prevented seeking American markets direct, were paid from 3 cents to 5 cents per pound less for their catch than the price obtained on Puget Sound. The difference in price between the two ports was taken by Canada as an excess profit from the American consumer.

AMERICAN WHOLESALERS OPEN BRANCHES AT PRINCE RUPERT.

Absence of fish offerings on Puget Sound and at Alaska ports forced American wholesalers to open branch houses in Prince Rupert in attempts to secure an adequate supply of fish for their customers.

CANADIAN MONOPOLY AND PRICE FIXING TEMPORARILY BROKEN.

This move by American houses broke temporarily the Canadian monopoly and price fixing. Under this competitive buying the American fishermen received an increased price for their catch—within 1 to 2 cents of the prices paid on Puget Sound—which enabled them to get a fair return on their labor and investment. The excess profit by the Canadian monopoly was eliminated, but the price to the American consumer remained the same. The increased cost of operating additional plants at Prince Rupert instead of from their American plants exclusively imposed on American firms by conditions must necessarily be added to the consumers' cost.

CANADA DISCOVERS WAY TO NULLIFY AMERICAN BUYERS' COMPETITION.

It did not take the Canadian Government long to nullify the American buyers' competition. The manner of its accomplishment is an interesting exhibit in the evidence of friendship of Canada for the United States fishing interests.

The additional handicap to American interests provided by the Canadian Government was based on the American market demands, which must be explained before an understanding can be had of the effect of Canada's next move to shut out the competitive buying of the American catch.

PROMPT MOVEMENT OR FREEZING ESSENTIAL TO SUCCESS IN HALIBUT INDUSTRY.

Fresh halibut, iced only, to be in prime condition, must reach the consumer within 15 to 20 days after being caught. Frozen they will keep in prime condition indefinitely. Quick movement or a freezing plant are therefore essential factors in the halibut business. Any operation at Prince Rupert other than that of the Government plant is badly handicapped, as the Government freezing plant is not open to its competitors at rates and under conditions which will permit of its use.

EASTERN MARKETS DEMAND FISH OF MEDIUM AND UNIFORM SIZE.

The eastern markets reached by the Grand Trunk Pacific from Prince Rupert demand what is known as No. 1 fish, i. e., fish of uniform and medium size. Other markets accept No. 2 fish, consisting of large fish and "chickens," or very small fish.

THE GOVERNMENT SHIPS NO. 1 AND FREEZES NO. 2 FISH.

The Government plant at Prince Rupert culls its catch and purchases from independent boats, sends the No. 1 fish to the eastern United States markets, and freezes the No. 2 fish for other markets and for shipment to Europe.

AMERICAN FIRMS SHIP NO. 1 AND SEND TO WESTERN MARKET NO. 2 AND SURPLUS NO. 1 FISH.

American vessel owners and buyers not having freezing facilities at Prince Rupert culled their catch and purchases from independent vessels, sent the No. 1 fish to eastern United States market via the Grand Trunk Pacific Railway and undertook to send the No. 2 fish and surplus No. 1 fish by boat to Puget Sound, whence they could be distributed to United States western markets.

INTERPRETS ORDER IN COUNCIL FOR BENEFIT OF CANADIANS.

As soon as it became apparent to the Canadian interests that by this method American firms could still compete for the purchase of the catch of independent boats and properly dispose of the catch of their own vessels, a new interpreta-

tion was given by the Canadian Government to its order in council under which the catch of American vessels had been accorded the privilege of transit in bond through Canada to an American market, and on June 7, 1916, it was held that the "transit in bond" privilege only applied to rail shipments, and that American fish could not go out of Canada by steamer to western United States markets. As there was no rail connection to western markets, the result was to limit the western market to fish caught by Canadian vessels.

INTERPRETATION LIMITS COMPETITIVE BUYING OF AMERICAN FISH.

American fish had been moving by water in bond under the order in council for over a year and it was not until the advent of American buyers had created a competitive buying market that the Canadian Government discovered an interpretation of the "transit in bond" privilege which would again establish at Prince Rupert a noncompetitive buying market for the American catch.

IMMEDIATE RESULT REDUCTION IN PRICE FOR AMERICAN CATCH.

The immediate result of this interpretation was a reduction in the price paid at Prince Rupert for the American catch. As the No. 2 fish and surplus No. 1 fish of the American catch could not be shipped by the American companies to the western markets, and as the freezing facilities of Canada were not open to American companies on a basis which would permit them a profit on their business if so handled, it became necessary for independent boat owners in most instances to sell their catch at noncompetitive prices to the Canadian concern. If an American wholesaler fished his own boats out of Prince Rupert he found it necessary to sell the catch of such vessels to the Government plant and purchase Canadian fish for his trade at from one-half cent to 2 cents per pound higher price than received for American fish. There was no restriction as to the movement of Canadian fish—they could be shipped direct to Puget Sound by steamer without hindrance.

AMERICAN CATCH ECONOMICALLY HANDLED BY GOVERNMENT PLANT.

The American culls went into the freezing room of the Canadian plant, and it is the common belief that once purchased by that concern they promptly lost their identity as American fish and, so far as movement through Canada to United States points is concerned, became to all intents and purposes Canadian fish, accorded the advantage of movement by direct steamer to Puget Sound which was denied them until they had passed into Canadian hands.

A LATER MODIFICATION OF INTERPRETATION ACCOMMODATES VANCOUVER, BUT AFFORDS NO RELIEF TO WESTERN UNITED STATES MARKETS.

It was soon discovered that the modification of the meaning of the order in council was too sweeping in character for proper Canadian protection and that in its zeal to favor the Grand Trunk Pacific and the Government plant at Prince Rupert, the Canadian Government had discriminated against its other child, the Canadian Pacific Railway, operating from Vancouver, and that the new interpretation prevented Canadian companies at Vancouver from buying American fish in the Prince Rupert market for shipment east via the Canadian Pacific Railway. This oversight was promptly remedied. A "lightning change" was effected in the interpretation of the flexible "order in council" and, presto, it appeared in a new dress which permitted the carrying of American fish in bond via Canadian bottoms only from Prince Rupert to Vancouver, thence by rail to American ports. American companies are afforded no relief by the interpretation permitting shipments by Canadian steamers to Vancouver, thence by rail to United States ports. Rates made on such combination to Puget Sound and delays to such shipments before delivery to the rail line at Vancouver make it more economical to sell the American catch at Prince Rupert and purchase Canadian fish for the American market.

DECREASED COST TO AMERICAN FISHERMEN—INCREASED COST TO AMERICAN CONSUMER.

It will be apparent that these "friendly acts" of the Canadian Government with its "made to order" interpretations have assured a monopoly of American fish to its proteges, the Canadian companies, business and railroad at Prince

Rupert, and by shutting the American culls and surplus fish, not required for eastern shipment out of American western markets until they have passed through Canadian hands, has greatly increased the retail cost of halibut to the consumer in the United States markets, and has at the same time decreased the wholesale price paid the American fishing boats for their fish at Prince Rupert.

CONDITIONS IMPOSED PREVENT USE OF GOVERNMENT PLANT BY AMERICAN CONCERNS.

It will doubtless be claimed by Canada that the freezing and storage facilities of the Government plant at Prince Rupert are open to American houses. Theoretically, yes. Practically, no. The catch and purchases of the Canadian company are given preference at its plant—American concerns must wait. Even in the furnishing of ice for rail shipments American interests are served only after the Canadian company's shipments are provided for, and in case of shortage of ice the American concerns go without. For weeks at a time American shippers have been refused ice at the Government plant under the plea that they were overhauling (this in midsummer) and could only make ice for their own requirements.

FREEZING AND STORAGE PROHIBITIVE FOR AMERICAN FIRMS.

The Government plant quotes American firms a rate of one-half cent per pound for freezing, inclusive of one month's storage, and one-fourth cent per pound per month for storage thereafter. The American firm must furnish its own "culler," but the Canadian company reserves the right to prepare the fish for freezing and for preparing and boxing for shipment. For this service it is not willing to make a fixed price per pound, but advises it will perform these services at cost plus 10 per cent. The Government plant does not accept responsibility for the quality of its work and requires a waiver of claims from its customers. The experience of American interests with that plant in the matter of ice does not justify them in intrusting it with valuable cargoes of fish to be frozen. Neither do the manipulations of orders in council by the Canadian Government, which places American firms at a decided disadvantage, serve to encourage American interests in the establishing of freezing plants of their own at Prince Rupert, lest that ever flexible weapon—an order in council—be invoked to place them at a further disadvantage in the battle for American markets. They are "between the devil and the deep sea."

AMERICAN HOUSES MUST CHOOSE BETWEEN HORNS OF THE DILEMMA.

As they can not economically avail themselves of the Canadian facilities claimed to have been provided for their use, the only alternative for American houses, under present conditions, is the building of cold-storage plants in Canada with American money—an investment that would undoubtedly sooner or later be made valueless to Americans by Canadian order in council method and be absorbed by Canadian subsidized competition.

EVERY MOVE DETRIMENTAL TO AMERICAN INTERESTS.

It should be unnecessary to further detail the handicaps to the American industry of the Pacific Northwest resultant from the peculiar Canadian methods and the failure of the United States to provide the necessary protection though we have not exhausted the catalogue. The results have been many sided, but always detrimental to American interests.

EFFECT OF PRESENT CONDITIONS ON AMERICAN FISH HOUSES.

American fish houses on the coast are required to incur a dual overhead expense which must be borne by the consumer. Notwithstanding the excess price to the consumer, the American wholesaler is making a lessened profit on his operations and is unable to procure fish necessary to his markets even at the increased price, due to the ability of Canada, by its orders in council as outlined herein, to force the sale of American fish to the Canadian subsidized plant. This plant exports large quantities of frozen halibut to Great Britain, where high prices obtain on account of shortage in supply from the North Sea. So long as our fish is landed in Canada we can not control the situation, and we are actually confronted with the probable loss of the American investment through the Canadian competition.

EFFECT ON THE AMERICAN FLEET.

As to the American fishing vessels, Canada's order in council is very frank and states that the object of opening Prince Rupert is to secure the American fleet for Canadian registry. Forced to operate from Canadian ports, the disadvantage of American registry becomes daily more apparent to independent boat owenrs and the plans of Canada nearer consummation. Under the present competition it is unprofitable to operate under American registry. The Canadian boats have many advantages, including a better price for their catch. It is not to be expected that American vessels under Canadian registry would be permitted for long American ownership. Some new and subtle order in council would complete the Canadian plans for acquisition of the American vessels and the American fleet would be a memory only.

DIRECT EFFECT ON AMERICAN FISHERMEN AND OTHER WORKERS.

If the American fleet passes, American fishermen lose their employment. At present American fishermen may accompany American vessels to Canada and temporarily are accorded permission to reship on other American vessels in Canada. They must not, however, under restrictions imposed by order in council, go from Puget Sound to British Columbia for the purpose of joining an American vessel there, and any shortage which occurs in an American fishing crew in Canada entails filling the vacancy with a Canadian fisherman unless there is an American fisherman available, who was discharged in Canada, from some other vessel. The objections interposed to the coming into Canada of Americans of the working classes has even been applied to prevent American houses from sending bookkeepers from Puget Sound to handle accounts at the Prince Rupert branches.

EFFECT ON AMERICAN PEOPLE.

Though the American fishermen receive less for their catch and American wholesalers make less profit, the American consumer pays an excessive price for his fish or goes without as the result of present conditions, and the American public is denied the benefit of trade relations with its own fleet, which purchases its supplies and maintains the families of its employees, numbering thousands, in Canadian ports where their expenditures, which should be the natural perquisite of the American people, go to swell the revenues of Canadian merchants.

THE ONLY CURE ASIDE FROM PROHIBITION OF CANADIAN FISH.

The only real move ever made to guarantee the benefits of this industry to the United States is the measure first herein referred to, and since proposed to be offered by Senator Chamberlain as an amendment in the Senate to H. R. 16763. In the face of the declared intent by order in council of acquiring this industry by stealth, the British ambassador has protested the proposed action by Congress as an "unfriendly act," while at the same time Great Britain publishes a boycott of innocent American firms, who are prohibited from the benefits of trade relations with that country. What benefits can result to this country from British friendship if it continues so unmistakably antagonistic to our industrial and commercial interests?

The British protest, considered in the spot light of fact, is so manifestly self-centered and so utterly disregardful of the rights of this country as to raise the question in the mind of every thinking American as to whether the sympathy we have accorded Great Britain has not been misplaced.

BRITISH PROTEST SELFISH.

The British position is so untenable that it should be unnecessary for Americans to protest against it or to urge upon Congress and the State Department the passage of the proposed measure for equalizing to Americans Canada's present advantage.

CANADA'S INTENT IS UNMISTAKABLE.

There can be but one interpretation of Canada's action—delay, which will further its designs upon the American fishing industry of the Pacific from the humblest fishing boat to the proudest vessel of the fleet. That country has boldly proclaimed to the world by order in council both its purpose and its plan of accomplishment.

CANADA'S ANNOUNCED PURPOSE AN INSULT TO OUR PATRIOTISM.

Canada's procession toward the fulfillment of this purpose is accompanied by blatant, insulting arrogance which challenges the patriotism of our citizens by assuming that we dare not resist and that concealment of its intent is, therefore, unnecessary.

BRITISH AMBASSADOR MAY HAVE BEEN MISINFORMED.

It is incredible that the British ambassador could be drawn to the support of Canada's claims, except the facts have been withheld from him. If properly informed he must of necessity, through sense of fairness, withdraw his protest or become a party to Canada's unjust contentions.

SUMMARY OF ISSUES INVOLVED.

What are the issues involved? What would be the inevitable result of further permitting present conditions?

First. A purely American industry would be permanently diverted from American to Canadian ports.

Second. The $5,000,000 capital investment of American citizens would become valueless and be absorbed by Canada.

Third. The fishing fleet numbering hundreds of vessels would pass from American to Canadian registry.

Fourth. Thousands of American fishermen would eventually be displaced by Canadian subjects.

Fifth. American transportation companies—water and rail—would be robbed of the transportation of fish caught on our own coasts destined to American markets.

Sixth. American commerce would lose the trade benefits incidental to operation of this $5,000,000 industry yet in its infancy.

Seventh. The control of a valuable American food supply and of its cost to American consumers would pass from the United States to Canada.

JUSTICE TO AMERICANS IMPOSES NO UNFAIR COMPETITION ON CANADA.

The judgment of a Solomon is not a requisite to a just determination of the question. Shall we rob Americans of the results of their enterprise and industry at the instance and for the benefit of Canada, or shall we conserve American interests regardless of Canadian protest, confident in the knowledge that our act of self-preservation imposes no unfair competition on like interests of Canada? There can be but one answer. Self-preservation is the first law. If we destroy ourselves we must gain but the contempt of other nations who attribute our concessions to inefficiency or fear.

TO ACQUIESCE IS ACKNOWLEDGMENT OF INDUSTRIAL AND COMMERCIAL VASSALAGE.

To acquiesce in the protest by Great Britain in the face of the evidence is to shame the spirit of '76 and to humbly and submissively extend our wrists to be manacled as evidence of our commercial and industrial vassalage. We, therefore, voice our protest on behalf of American institutions and ask the small protection for our industry and our employees that would be afforded by providing "That from and after 90 days from the passage of this act no fresh or frozen halibut or salmon from the North Pacific Ocean or its tributary waters shall be admitted into the United States through any foreign country except when the same shall be in bond from an American port."

We, the undersigned, subscribe our names to the foregoing statement of the handicaps to and threatened extinction of the American fresh-fish industry which we represent in the belief that if the facts known to us and set forth in this statement are presented to the administration and Congress they will outweigh the uninformed and uninforming protest of the British ambassagor and that Congress will immediately provide the necessary protection.

BOOTH FISHERIES CO.
SAN JUAN FISHING & PACKING CO.
NATIONAL INDEPENDENT FISHERIES CO.
RIPLEY FISH CO.
GLACIER FISH CO.

HALIBUT LANDINGS, PACIFIC COAST.

In view of the apparent efforts being made to transfer to Canada as far as possible benefits from the fisheries which should accrue to Alaska I will insert for the benefit of the committee the following comparative statements of halibut landing at the four principal markets upon the Pacific coast, prepared by the Bureau of Fisheries:

	1920	1921 [1]
	Pounds.	*Pounds.*
Seattle	19,692,915	16,633,310
Ketchikan	5,052,300	6,233,600
Prince Rupert	18,945,500	22,203,000
Vancouver	3,107,000	4,024,000
Total	46,797,615	49,093,910

[1] November and December, 1921, estimated, based on 1920 catch.

It may be pointed out that the halibut fleet of Puget Sound (Seattle) consists of 109 independent vessels, also 8 steamers aggregating 840 net tons, owned by the fish companies. The Vancouver fleet comprises 33 vessels, which include the steamers owned by the Canadian subsidiary of the New England Fish Co., operated under the British flag. The Prince Rupert fleet consists of 62 vessels, many of which were formerly under the American flag and owned in Alaska or Puget Sound. The halibut vessels actually owned in Alaska are few in number and consist, as Delegate Sutherland says, mainly of small craft, which fish the near-by banks. The number of such vessels is not shown in the Pacific Fisherman Year Book, from which the foregoing is compiled. If the fisheries for United States markets were required to be conducted from Alaska instead of being permitted to be controlled from Canadian ports, Alaska would build in population and wealth. A key to why it can not so develop under present conditions may be found in the following: Extract from statement by Mr. Thompson, merchant and fish buyer of Ketchikan, Alaska, made at Ketchikan, Alaska, May 18, 1918, Shipping Board Rate Hearings, docket 3, pages 190–193:

"Mr. THOMPSON. It is generally understood that the Grand Trunk Railway has practically subsidized one of the buyers in Prince Rupert for the purpose of getting the business. That is one of the reasons why most of the schooner fish or schooner halibut goes to Prince Rupert.

"Mr. CLARK. By being subsidized they are able to pay higher than American buyers?

"Mr. THOMPSON. Yes. There are so many things that have a bearing on the buying of halibut that it is pretty hard to take them all into consideration at once. There is a great deal of halibut that is bought in Prince Rupert. In certain parts of the year 50 per cent of it is shipped from Prince Rupert to Seattle. Cull halibut are shipped to Seattle during the season of high prices and they are sold in the Seattle market for Seattle consumption at a higher price than the same fish can be sold in the East, for at that time of the year practically no fish are shipped east. That is a little trick of the fishing game that goes on all the time between Seattle and Prince Rupert. As I say, there are so many things that enter into that, that it is pretty hard to consider them all at one time.

"Mr. CLARK. Is not that also true of fish buying in American ports? In other words, is not the eastern market being educated to ask for what is called No. 1 halibut, that is medium-sized halibut which is largely blue meated, and no gray-bottom fish?

"Mr. THOMPSON. Yes; they have.

"Mr. CLARK. And it is recognized that the other fish, while called No. 2 fish, is just as good as the No. 1 fish and consists largely of large fish and chickens.

"Mr. THOMPSON. I do not think that the transportation problem on fresh fish would be affected any way; that is, the shipments of fish from Alaska ports would not be affected any by Canadian competition as far as buying of the fish is concerned.

"Mr. CLARK. I recall telegrams that were sent by the heads of fresh fish companies in Seattle to Washington at the time the bill was up proposing the

admission of foreign ships into the coastwise trade, in which it was expressed that they feared the admission of foreign competition, because the shortening of American competition would probably result in diverting the fish business from United States ports to Canadian ports by reason of better rates offered to such ports than would be offered to American ports.

"Mr. THOMPSON. Yes.

"Mr. CLARK. I wondered if you had that same view.

"Mr. THOMPSON. I do not take that view, for the reason that Prince Rupert and Vancouver are not actively engaged in buying boxed fish as they are in Seattle. Prince Rupert is a great market for schooner fish. But at the present time, to my own knowledge, they do not want to see boxed fish come in there. They are not looking for boxed fish. I have shipped to the Prince Rupert market myself, and every time that I have done so I have done it to my sorrow, for the reason that it is not the kind of fish they are looking for. They are not after that business.

"Mr. STRONG. I would like to ask Mr. Thompson if it is not a fact that Prince Rupert interests are working in every way to center the schooner business at that port? They want the business of the schooner fleet?

"Mr. THOMPSON. Yes; that is the truth. They want the schooner business.

"Mr. STRONG. It builds up industry at their port, and they want the schooner business.

"Mr. THOMPSON. They will bid on schooner fish from 2 to 3 cents per pound more at any time, whether it is salmon or halibut, than they will on boxed fish.

"Mr. CLARK. In other words, they discriminate against boxed fish in order to force the fishermen into that port?"

Mr. GARFIELD. Then I will ask you another question in the same connection, Mr. Clark: Why is it no American line competes with the Canadian lines on the triangle run between Seattle, Victoria, and Vancouver?

Mr. CLARK. Being in the customs service, you will know that it was caused by a ruinous rate war waged by the Canadian Pacific Steamship Co. against the American carrier, coupled with the same kind of loose interpretation of our laws as has obtained in Alaska, as the result of which that Government subsidized Canadian company drove out the American line just as they would in Alaska if permitted opportunity at your plea. A statement of the conditions which eliminated the American carriers upon that route is a matter of record in the hearings on H. R. 5609, Sixty-fifth Congress, referred to by Mr. Edmonds this afternoon. In addition to the rate war, there was understood to be the accompanying threat that the Canadian interests would finance competition with the American carriers in the purely American port-to-port coastwise routes of the latter upon Puget Sound, for the purpose of forcing the American carriers into submission to Canadian desires. A competition such as was inaugurated in Alaska by the Grand Trunk Pacific Co. with the steamer *Tilamook*, a vessel wholly owned by foreign interests but camouflaged under the American flag through a "dummy corporation" now owned by the Government of Canada.

Mr. GARFIELD. Then they bluffed you out of the trade?

Mr. CLARK. They did more than bluff; they had behind their bluff the treasury of the Canadian Pacific Railroad, enriched by a cash subsidy from the Dominion of Canada of over $345,000,000.

Mr. GARFIELD. Any time an American in his ingenuity will let a Canadian put it over on him I think he is a pretty poor fish.

Mr. CLARK. As you are in the United States customs service you ought to know how is was accomplished. At the present time the American line upon Puget Sound, having been whipped and otherwise influenced into subjection, is permitted to operate one vessel to Victoria by an indirect route during the year, and for about three months in the summer time is permitted to operate a vessel to Victoria on the direct route. It is understood that such arrangement is by and with the consent of the Canadian Pacific Railway Co. This vessel may only operate as far as Victoria, and does not make the "triangle run" which would include Vancouver.

Mr. GARFIELD. They can operate to Victoria or Vancouver.

Mr. CLARK. Oh, yes; they should be permitted such operation; but it is not arranged at the present time, I understand, other than by special consent of the Canadian Pacific Railway.

Mr. GARFIELD. Any more than we would permit any of their boats to operate between two American ports.

Mr. CLARK. That is not a parallel case. We do not seek for American vessels the right to carry between two British ports, but only to secure the square deal in the export and import trade and coastwise trade of our own country, and to

preserve the integrity of our coasting trade. To prevent us from doing so is a part of a British policy, a policy I will establish before the committee by documentary evidence before I finish.

Mr. GARFIELD. Well, I simply maintain that we have natural outlet through Prince Rupert to the mother country of the United States.

Mr. CLARK. To which nobody has as yet objected.

Mr. GARFIELD. For all the products of Alaska.

Mr. CLARK. To which nobody has yet objected so long as you use American vessels.

Mr. GARFIELD. And if you people, the people you represent, were as patriotic in this matter and as anxious to get the business as you claim to be, you would put American bottoms on that run to handle that business.

Mr. CLARK. I am representing the National Merchant Marine Association, which is not engaged in business.

Mr. GARFIELD. Is not the National Merchant Marine Association in the shipping business?

Mr. CLARK. The National Merchant Marine Association is a patriotic organization developed and maintained without profit which is attempting to expand and build up an American merchant Marine sentiment that shall undo some of the results from propaganda for foreign interests such as is being presented here to-day in the hopes of influencing American legislation to permit operation of foreign shipping in American coastwise trades.

The CHAIRMAN. You will always find plenty of friendship here for American shipping; I will guarantee you that.

Mr. GARFIELD. We have every bit of friendship for American shipping; but we say that there is an opportunity here for the development of the Territory of Alaska if these people, the American shipowners, see fit to give it the service which we ought to have. That is all I am here to represent. As long as we get that, why, then, there will be no use for having Canadian boats carrying any of that trade.

Mr. CLARK. If that is your only object, I would like you to explain to this committee, in writing, if you will, why there were no shipments from Alaska ports to Prince Rupert when American vessels were operating there and prepared to handle the business for which you are so solicitous.

Mr. GARFIELD. The fishing business at that time was not developed to the extent that it is to-day; the railroad was not completed clear through at that time and they could not handle shipments through to the East.

Mr. CLARK. Oh, yes; the railroad was completed.

Mr. GARFIELD. A very short time after the railroad was completed, these vessels were taken off. They only ran there during the boom days of Prince Rupert, as long as they could get passengers enough to warrant their calling at that port.

Mr. CLARK. Oh, no; on the contrary, the vessels were continued late into 1916, until they were discouraged to the quitting point by an interpretation by the Canadian customs of a Canadian order in council that they would not be permitted to carry American fish in export from Prince Rupert to Seattle. That was the "straw that broke the camel's back" and so Canada got rid of the American competition with its Canadian rail line owned water carriers.

Mr. STRONG. If we could get that American car-ferry service established to Alaska, would not that solve the question; would not the shipments from all the ports of Alaska, bound for the East and all the shipments to Alaska naturally come in there on American boats to American ports, and it would not be necessary for service of Canadian boats?

Mr. GARFIELD. That car-ferry service will come from Ketchikan to Prince Rupert whenever there is business enough going both ways to pay for its operation.

Mr. STRONG. And will you admit that there will be business enough to justify that when we get adequate protection to the Alaska fisheries?

Mr. GARFIELD. The matter of an export duty on American fish which is involved here——

Mr. STRONG. It is not an export duty.

Mr. CLARK. An import duty such as should be imposed on fish coming from Canada.

Mr. STRONG. Not necessarily an import duty either. Merely a law requiring that the fish moving to the American markets, through Canada, shall originate at an American port; that the fishing fleet, either American or Canadian, shall discharge her fish, if it is going to the United States, at an American port, and there will be no duty at all.

Mr. GARFIELD. But in order to accomplish that, you have to place a discriminatory duty on that fish to overcome the differential.

Mr. STRONG. Not necessarily at all. It is not necessary for a duty; merely a regulation that fish intended for an American market should be discharged at an American port. Now, I would like to ask this question—if such legislation would not solve the whole thing in connection with protecting Alaska Fisheries and the car-ferry service to Alaska. Would not that solve everything; would it not bring transportation to Alaska and wouldn't it increase the population of southeastern Alaska by 10,000 people and give her a pay roll that will run from $5,000,000 to $10,000,000 a year, that we are not getting now and that is now going to Canada? Answer that question.

Mr. GARFIELD. The handling of the goods in that manner, by car ferry service, will be accomplished just as soon as the traffic is sufficient to warrant it.

Mr. FREE. Why don't you answer his question, please?

Mr. GARFIELD. The traffic is not sufficient to-day, and it is not possible for that to take place.

Mr. STRONG. If we had a regulation that would prevent those fish that are now being taken by the Alaska fishing fleet to Canadian ports—if we had a regulation that would require them to be taken to Alaska ports, would not we have the volume of business?

Mr. GARFIELD. And if you could make such a law as would absolutely prevent the American fishing people from going any place, except to the American port, to discharge their catch, why, then, it would probably accomplish that end.

Mr. STRONG. Yes.

Mr. GARFIELD. But that law you can never make.

Mr. SUTHERLAND. Where do you get this $10,000,000 of American fish going to Prince Rupert?

Mr. STRONG. I say about $5,000,000 at the present time.

Mr. SUTHERLAND. Where do you get those figures for the present year?

Mr. STRONG. The statistics show that.

Mr. SUTHERLAND. How many pounds of halibut go into Prince Rupert per year, if you are familiar with it?

Mr. STRONG. It is not all in halibut; it is about $3,000,000 in halibut and the rest in other fish.

Mr. SUTHERLAND. $5,000,000 worth of fish?

Mr. STRONG. That includes the pay roll for preparing those fish for shipment; that is icing and everything. We are sending $5,000,000 a year there now to buy fish and I say the volume will increase—if we do not get legislation it will increase to $10,000,000.

Mr. CHINDBLOM. Let me suggest that we allow Mr. Garfield to finish his statement, otherwise we will never get through.

Mr. GARFIELD. I want to state this much in passing in relating to what Mr. Strong said this afternoon. I believe, if I understood him correctly, he said there were American buyers in Prince Rupert buying Alaska fish in Prince Rupert market and to be shipped across the continent to the United States.

Mr. STRONG. Yes.

Mr. GARFIELD. Why is it, then, Mr. Strong, that they can pay more for that fish than your buyers in Ketchikan or the buyers in Seattle?

Mr. STRONG. Why, for the very good reason that no man can buy fish in Alaska and ship them to the United States in competition with them. We have not the facilities and we never will have the facilities, because we have not the volume of business until we get legislation throwing the volume of business to us.

Mr. GARFIELD. How far is it from Ketchikan to Prince Rupert?

Mr. STRONG. It is about 90 miles.

Mr. GARFIELD. Yes.

Mr. STRONG. And you mean to say a man could buy fish in Ketchikan and ship to Prince Rupert and let it pass over the Grand Trunk Railroad in competition with the man who is doing business on Canadian soil?

Mr. GARFIELD. No; but I say this: That our fishermen in southeastern Alaska can very frequently take their fish to Prince Rupert and get a higher price, taking also into consideration the cost of transportation and the running of their boats there, than they can in either Juneau or Ketchikan.

Mr. STRONG. Yes; for the reason, in Ketchikan and Juneau, they can not do anything with them.

Mr. GARFIELD. Then our fishermen demand that they have that opportunity to get the highest price that they can for their fish and to go wherever they can get that, and if our markets do not afford the price which can be paid in Prince

Rupert, why, then I think we should certainly have a right to go to Prince Rupert and dispose of the fish.

Mr. STRONG. Will you admit that there is only one market in the Northwest for fish at the present time and that market is Prince Rupert and that the business is centered there? You have to ship fish there and you have to do business through those people there. Now, that is wrong. No man can meet such competition.

Mr. GARFIELD. Is there a market for Alaskan fish in Seattle?

Mr. STRONG. Well, there is a market there, but it is away out of the way; it is three or four days out of the way. Prince Rupert is the logical gateway.

Mr. GARFIELD. For years and years, Mr. Strong, the fresh fish from southeastern Alaska and Alaskan waters went to Seattle, and only netted the fishermen enough to make a bare living.

Mr. STRONG. Yes.

Mr. GARFIELD. Because the combinations down there were such that they could handle them in that way and the fisherman was at their mercy.

Mr. STRONG. Certainly.

Mr. GARFIELD. And just as soon as the Prince Rupert market was opened up they got relief from that situation; and there was never any money made by the halibut fishermen until that competition entered into it. Now, that is the absolute truth and you acknowledge that.

Mr. STRONG. There is the misunderstanding; the business moves to the market that is much nearer the source of supply. Now what I am working for is to make that market take one step further north and be in Alaska. There has been no fish market in Alaska. Years ago the fish market was at Seattle. On the completion of the Grand Trunk Railroad, it moved to Prince Rupert. That was of great benefit to the fishing people; but it made Canadians out of them instead of Americans; the boats went under the Canadian flag, and you know from your customs records that there are several boats that have taken out the Canadian registry this year.

Mr. SUTHERLAND. Let me interject an important point and that is that the American boats, boats of American registry, are delivering more fish at Prince Rupert than the Canadian boats.

Mr. STRONG. Why, years ago it was entirely an American fleet, it was nothing but American boats fishing. They were fishing out of Puget Sound. But many of these vessels are now under Canadian registry.

Mr. CHINDBLOM. Mr. Chairman, it seems to me we must get to some end in this discussion and avoid considerable repetition. Mr. Garfield wants to make a statement on behalf of the Commercial Association of Juneau, and I submit that he should be permitted to continue.

The CHAIRMAN. Proceed, Mr. Garfield.

Mr. GARFIELD. To sum the whole thing up and not to wander too far afield, I will simply state that it is the sense of the Commercial Association of Juneau that the Territory of Alaska should have every opportunity to carry on its trade in fish and bringing of products from the United States into that country in any way in which it would save the people the greatest amount of expense and facilitate commerce between the countries through the means in which it must be carried. It feels that the Jones bill deprives us of this privilege. To show how valuable this operation of the Canadian vessels in this way might be at times I will call your attention, briefly, to the strike which occurred last year upon the American lines, when there were practically no boats running from Seattle to Alaska for a short period.

Mr. EDMONDS. The sailors' strike?

Mr. GARFIELD. The sailors' strike—the Seamen's Union. The provisions of the Jones bill were not set aside, but they were simply overlooked for a period so as to permit fresh foodstuffs to arrive in Alaska over the Canadian line. Those foodstuffs, most of them, originated in the United States. They were shipped to Canada in the course of trade, purchased in Vancouver and Victoria by our merchants, and brought back into Alaska on the Canadian line. It was the only way we had to obtain the necessary food supplies during that strike period. It is just an incident to show you the value that this trade may have to us—these shipping facilities may have to us—in periods of emergency. And we believe that it tends in a general way to the benefit of the Territory.

I think that I have gone into the matter as fully as the Commercial Association would have me, in a general way, and if there are any questions you would like to ask, why, I will undertake to answer them.

Mr. EDMONDS. I just had an idea about settling this whole controversy. Suppose we let everybody go in there and fish all they can and get all the fish out;

then the railroad controversy would be settled and the ship controversy would be settled?

Mr. GARFIELD. It certainly would.

Mr. EDMONDS. And then you would get rid of the trouble of coming down here any further and there would be no more controversy?

Mr. GARFIELD. You certainly would, as far as the fish are concerned.

Mr. STRONG. Inasmuch as Mr. Garfield stated he was representing the Commercial Association of Juneau, let me say that I am a member of the executive committee of the Commercial Club of Ketchikan, and at their earnest solicitation I am here. I came down not knowing this matter was coming up at all. It was entirely the salmon question that brought me to Washington, and in that respect I came here at their request.

Mr. CLARK. Mr. Chairman, the hour is late and I do not wish to encroach too greatly upon the time of the committee, but if the committee would be pleased to hear me in extension at some other time I would be very glad to be present at their convenience.

(Mr. Law submitted the following for the consideration of the committee:)

ENTIRE AMERICAN FRESH-FISH SHIPPERS OPPOSE ADMISSION OF FOREIGN VESSELS IN ALASKAN TRADE.

Copy of protests against including Alaska in provision permitting foreign lines to engage in coastwise trade of United States, referred to by Mr. Law in his foregoing remarks:

[Telegram.]

SEATTLE, WASH., *August 7, 1917.*

Hon. JOHN S. MILLER,
House of Representatives, Washington, D. C.:

We earnestly request your influence to have Alexander resolution permitting foreign vessels enter American coastwise trade amended so it will not apply to Pacific coast. While foreign steamers would be unable to furnish canneries and other Alaska industries adequate service, they would displace American steamers whose service Alaska vitally needs, and thus greatly hamper and delay movement of our salmon, which is important to country as well as to ourselves. Canadian coastwise privilege is useless to American steamers, but American coastwise privilege is of immense value to foreign steamers. American steamers serving Alaska are too small for foreign service, therefore our Government would secure no benefit from permitting foreign vessels to enter this trade while results would be disastrous to American lines, Alaska, and ourselves. We hope you will use every effort to secure desired amendment, which request is made by independent packers of the greater portion of Alaska's salmon pack and fresh-fish supply.

PILLAR BAY PACKING CO.
DEEP SEA SALMON CO.
P. E. HARRIS & CO.
HAINES PACKING CO.
SOCKEYE SALMON CO.
WIESE PACKING CO.
PACIFIC MILDCURE CO.
ALASKA PACIFIC HERRING CO.
GEO. T. MYERS & CO.
SAN JUAN FISHING & PACKING CO.

[Telegram.]

SEATTLE, WASH., *August 20–21, 1917.*

W. L. CLARK,
National Press Club, Washington, D. C.:

We, undersigned, representing entire Alaska fresh-fish movement to American ports, wish strongly to protest using foreign tonnage, thereby jeopardizing present efficient service rendered by American lines, which is entirely adequate to take care of our requirements.

NEW ENGLAND FISH CO.,
NATIONAL INDEPENDENT FISH CO.,
J. P. TODD CO.,
RIPLEY FISH CO.,
OLSEN FISH CO.,
BOOTH FISHERIES CO.,
All of Seattle.
GLACIER FISH CO., *of Tacoma.*

[Telegram.]

TACOMA, WASH., *August 24–25, 1917.*

W. L. CLARK,
National Press Club, Washington, D. C.:

As one of the largest shippers of fresh fish from southeastern Alaska, we strongly protest using foreign tonnage in this service, on account of strong likelihood of Canadians using this as a means of diverting business through Prince Rupert.

GLACIER FISH CO.

Statement showing steamships operated by Alaska Steamship Co. in the Alaskan trade.

	Gross tonnage.	Net tonnage.
Passenger carriers:		
Alamedo	3,158	1,939
Northwestern	3,496	2,334
Victoria	3,502	2,112
Freight carriers: Juneau	2,285	1,393
Total	12,441	7,778

Laid up.

	Gross tonnage.
Jefferson, Pier 2	1,615.34
Latouche, Heffernan's	2,332
Ketchikan, East Waterway	2,122
Redondo, Heffernan's	679
Santa Ana, Salmon Bay	1,059
Skagway, Salmon Bay	1,838
Valdez, East Waterway	2,285
Total	11,930.34
	12,441
Grand total	24,371.34

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES,
HOUSE OF REPRESENTATIVES,
Thursday, November 3, 1921.

The committee met at 10.30 o'clock a. m., Hon William S. Greene (chairman) presiding.

The CHAIRMAN. Mr. Clark, you may proceed.

STATEMENT OF MR. W. L. CLARK, REPRESENTING THE NATIONAL MERCHANT MARINE ASSOCIATION.

Mr. CLARK. Mr. Chairman, when interrupted at the last hearing, that Mr. Garfield, deputy collector of United States customs, Alaska, might make his statement, I was about to insert in the record totals of subsidies by the Canadian Government paid to the Canadian railways extending over a period of years. These Canadian railways are the owners of the steamship companies to be benefited by Mr. Sutherland's bill and for whom appearances on behalf of that bill have been made. Ownership by these subsidized Canadian rail lines of the foreign steamship companies results in their making preferential water rates lower than the cost of transportation for merchandise moving between the United States and Alaska, provided only it is routed for the long haul over the Canadian rail lines through Canada. Such cutting of the water rate gives to these Canadian rail lines an advantage over competing American rail lines. Canadian lines could with benefit to their own rail revenue absorb the entire water haul. They would still be ahead, because they are getting a business eastbound and westbound that helps insure a balanced traffic movement such as is not possible over American rail transportation lines unless movements of merchandise between two ports of the United States by rail and water are confined to United States transportation lines. The subsidies to these Canadian rail lines are considerable, or would have been so considered before the war.

CASH SUBSIDIES TO CANADIAN RAIL LINES BY CANADIAN GOVERNMENT.

A communication by Alfred W. Smithers, chairman of the Grand Trunk Railway System, to the Right Hon. Sir Robert L. Borden, of Ottawa, shown on pages 203–204 of Senate Document No. 102, Sixty-sixth Congress, second session, concludes as follows:

"I beg, in conclusion, to bring to your recollection following facts: The only assistance the Grand Trunk has received from the Government in 65 years was the contribution of $15,000,000 toward building the line to Portland, which was done at the request of the Government."

That was to Portland, Me.—

"This assistance compares with $347,000,000 received by the Canadian Pacific in 35 years, $300,000 received by the Canadian Northern in 15 years, and $114,000,000 received by the Grand Trunk Pacific in 15 years."

Mr. BANKHEAD. Was that $300,000 received by the Canadian Northern or $300,000,000?

Mr. CLARK. The statement here shown is "$300,000.00" It was always my understanding it was $300,000,000 (one cipher being omitted after the second comma). I will verify the amount from other figures and change it in the record if it proves to be $300.000,000, but I am quoting now Mr. Smithers's statement.

Mr. BLAND. I thought you said $300,000,000 in reading it.

Mr. CLARK. $300,000 is what I said in reading the statement, but I will verify and cause the correct figures to appear in the final print. We may take $300,000,000 to be the correct amount as I find from statement by Hon. Hewitt Bostock, page 35, the following:

"In addition to that, as my honorable friend has said, we have had to take over the Canadian Northern Railway. The liabilities of the whole Canadian Northern system have been given as $434,312,747."

Mr. BLAND. What hearings are you reading from?

Mr. CLARK. I am reading from Senate Document No. 162 of the Sixty-sixth Congress, entitled "Canadian Control of Railroads in the United States." It consists of a report from the chairman of the Interstate Commerce Commission made and transmitted pursuant to Senate Resolution 222, passed October 30, 1919, reading as follows:

"*Resolved*, That the Interstate Commerce Commission be directed to investigate and report to the Senate the facts in connection with the present or prospective ownership or control by the Government of the Dominion of Canada, either directly or through the ownership and control of the stocks of any corporation or company, of any line or lines of railway or part thereof, situate within the territory of the United States, together with a statement of the mileage of said railroads."

The report includes debates upon the floor of the Canadian Parliament during the consideration of a bill to take over, for the Government of Canada, the Grand Trunk Railway, also correspondence between that company and officials of the Canadian Government. It is from this correspondence I am reading.

Mr. BLAND. My inquiry was solely directed to an identification of the document.

THIRTY-EIGHT RAIL LINES IN UNITED STATES OWNED OR CONTROLLED BY GOVERNMENT OF CANADA OR CANADIAN PACIFIC RAILWAY.

Mr. CLARK. At the present time 38 rail lines within the United States are owned by the Government of Canada, or by the Canadian Pacific Railway Co. I desire to quote further from Senate Document 162, statements made upon the floor of the Canadian Parliament by responsible officials of the Canadian Government and by legislators for Canada, enlightening as to the influence of these foreign-owned railroads exercised within the United States in a manner adverse to economic transportation over our American owned rail lines.

First, a statement by the Hon. W. B. Ross on page 48 of the document. Mr. Ross was appearing in opposition to the taking over of these American lines by the Government of Canada and pointed out some of the difficulties to the Government of Canada which might follow investment in American transportation properties. His statement follows:

"The Grand Trunk had their lobby at Washington and at the State legislatures and had their combinations with all the other railroad companies. They had a perfect right to do that, and if they had not done so they would have had to go under. The Canadian Government can not form a lobby at Washing-

ton and in eight or nine legislatures. They may have their agents suddenly ordered out and their property confiscated."

Mr. BANKHEAD. What does he mean by having their property confiscated?

Mr. CLARK. This was a statement made during debate. He may have meant that if the United States were to investigate the methods now being employed by Canadian owned lines to prevent economic transportation for the United States the Congress might by enactment and in the interest of the people of the United States require bona fide American ownership of all our rail lines, so none could be thus used to the disadvantage of the people of this country.

Mr. Robertson, on page 55, appearing for the Government, is justifying the losses upon these Canadian owned American rail lines, and explains that notwithstanding there were losses on the American rail lines business which they secured for the Canadian rail lines made for those lines a profit.

Mr. BANKHEAD. During what period was this? Was it during the war?

Mr. CLARK. This statement was made on the floor of the Canadian Parliament about November 4, 1920. I will get the exact date.

Mr. WHITE. It was before that, was it not, Mr. Clark?

Mr. CLARK. Yes; here it is; the exact date was November 4, 1919.

Mr. BANKHEAD. What I had in mind by my question was with reference to the period of operation that resulted in a profit for the Canadian railroads and a loss to the American railroads. I wanted to know whether that was after the American railroads went under Government control or not?

Mr. CLARK. He was speaking of the previous year, 1918, while the railroads were under Government control. Following is Mr. Robertson's statement:

"It was stated that the portion of the Grand Trunk system lying within the United States has not proved profitable up to the present, and, therefore, we ought not to assume liabilities for a losing proposition in a foreign country. * * * The profits derived from handling that American business over the Canadian portion of the Grand Trunk system netted the Grand Trunk Railway between $15,000,000 and $16,000,000 of profit, that had they not had that business to haul from Sarnia to Island Pond, Vt., over the main line of the Grand Trunk they would have lost that amount of business."

Mr. SUTHERLAND. Would you let me interrupt to ask what points are those?

Mr. CLARK. From Sarnia to Island Pond, Vt.

Mr. SUTHERLAND. Where is Sarnia?

Mr. CLARK. Sarnia is in western Ontario, where the Grand Trunk comes back into Canada.

Mr. SUTHERLAND. And where did these shipments originate?

Mr. CLARK. In western United States territory. Mr. Robertson continues:

"Therefore a deficit on the small portion of the line lying within the United States, where they gathered the traffic, at Chicago, and delivered it to Portland, is really an asset instead of a liability.

* * * * * * *

"The manner in which the earnings are arrived at are on the mileage basis, and probably three quarters of the mileage covered would be in Canada, and all of it would be through business. The expenses in connection with gathering and loading freight and delivering it, which to be in the United States in both instances have made that end of the traffice seem unprofitable, while the Canadian portion of the line enjoyed the profits of the business."

It was put into the record of this hearing by the proponents of the bill under consideration that they wanted this measure passed to enable Canadian steamship lines to serve Canadian rail lines in carrying our freight, because they will carry such freight at lower rates than the American transportation systems. The American transportation systems are bound by the rulings of the Interstate Commerce Commission and by the Shipping Board to certain specific rates. They may not discriminate between shippers. The Canadian lines handling their business extraterritorially from Alaska to Vancouver by water, and then rebilling from Vancouver to the United States, hold, and rightfully hold, that their transportation is beyond the jurisdiction of American tribunals. That they are not answerable to our commissions for cut rates, for preferential treatment of one shipper over another, or for any other method they may choose to follow with the end in view of taking business away from the railroad and water carriers of the United States and diverting it to those of Canada.

Mr. BANKHEAD. But, as a matter of fact, which systems haul the commerce the cheapest? That is what I want to find out.

Mr. CLARK. The uncontrolled system.

Mr. BANKHEAD. The Canadian system?

Mr. CLARK. Yes; they make rates to entice the business away from the American transportation systems. That brings to the Canadian line balanced traffic and tends to a greater unbalance of traffic upon American lines, for which American shippers must pay in increased rates. The American people as a whole must depend upon American roads. The Canadian systems serve but a few of our people. They do not serve the South, nor the Middle West; they do not serve the far West, nor do they serve States of the southeastern part of the United States.

Mr. BANKHEAD. Understand, I was not making an argument about it. I just wanted to get some facts, that is all.

Mr. CLARK. On page 63, Mr. Robertson further states:

"I know that in one year the charges on freight delivered to the Bangor & Aroostook Railway from the Canadian Pacific Railway at that point alone was a little less than $1,000 short of a million dollars a year. Thousands of cars were interchanged at that one point within the year. I merely mention that to indicate the importance of having the interchange connections with United States roads. What is the position with reference to the Grand Trunk Railway? The Grand Trunk Railway, I think, has interchange connections with the Boston & Maine at Portland; with the Maine Central at Lawiston Junction in Maine, and at North Stratford, N. H.; it interchanges with the Boston & Maine at Lenoxville, Quebec. It interchanges with the Delaware & Hudson at St. Johns. It owns and operates the Central Vermont Railway, which has access to all points through Vermont and New Hampshire into New London, Conn. It has direct connection with all the roads running to the Niagara frontier. At Detroit it has direct connection with the Wabash, the Pere Marquette, and other roads. It may be interesting to the House to know that for the year ending October 1, 1919, the Grand Trunk Railway interchanged with the American roads 704,163 carloads of freight, which aggregated 16,642,000 tons. Does not that indicate to us the importance of having direct interchange with American lines if we are going to be successful in the operation of a railroad on behalf of the people of Canada."

CANADIANS AT WASHINGTON SUCCESSFUL WITH RAILWAY ADMINISTRATION.

On page 101, the Hon. Mr. White, speaking of through export traffic moving over the Grand Trunk from the United States through Canada, is quoted as saying with regard to the statement made by the minister of labor, Mr. Robinson:

"This year, I believe, the railroads estimate that they will probably earn anywhere from $30,000,000 to $35,000,000 on their through traffic. Now, as he has very properly said, the through traffic is the profitable traffic of a railroad. In other words, according to the way railroads, as I understand, keep their books, they say that any overhead charge is borne by local traffic. Anything that might interfere with this through traffic would be a very serious blow to the earning of the road. In 1917, when the McAdoo administration came in, something happened that did interfere with that traffic. I make this point not for the purpose of offering any criticism about what happened but simply to show how easily this traffic might be interfered with. At that time the administration put in charge of this particular area a gentleman who was apparently more friendly to some of the other lines. There are 10 competing trunk lines going into that territory, and all but the Grand Trunk are American trunk lines."

And then follows the most astounding statement I have ever known to be placed upon the record of a parliamentary body:

"He was apparently more favorable to those lines than he was to the Grand Trunk. The consequence was that traffic fell off, but fortunately the management of the Grand Trunk were able to get some change made in the personnel of the administration in this territory, which has resulted not only in their getting back what they had before, but in their increasing it."

Influences from without this country brought to bear in Washington, and I will venture to say that they were argued on behalf of an American interest, an alleged American interest, to take the business away from the American rail lines and give it to a Canadian rail line.

UNITED STATES ROADS NOT USEFUL TO CANADA WOULD BE SCRAPPED.

On page 48, a statement by the Hon. W. B. Ross, who is in opposition to the Canadian Government taking over the Grand Trunk system.

Mr. BRIGGS. What are you reading from now?

Mr. CLARK. I am quoting from a report made by the Interstate Commerce Commission on the Canadian control of railroads in the United States. The quotations I am giving you are from the debates upon the floor of the Canadian Parliament. Each one of these statements has a bearing upon American transportation, and the influences that are used, to distort traffic on our American transportation systems for the benefit of the Canadian transportation systems. These statements were made upon the floor of the Canadian Parliament.

"The minister of the interior announced the policy with regard to the operation of these roads. It is important, and I direct the attention of the Members of the House to the statement made by him with regard to the policy."

And now comes the statement by the minister as quoted:

"It is our intention in so far as there are assets to take them all over, but I assure the honorable gentleman that if there is an American company, for example, in which so far as operation is concerned, only the people over there are interested, and which is more of a liability than an asset, we will not be bothered with it."

Mr. Ross (continuing) says:

"In other words, they are going to sift the Grand Trunk systems in the United States; if there are any roads that are not paying, they are to be thrown down. In other words, anything that is profitable we will keep, but anything that we are losing money on can go to the scrap heap.

"I wonder if any responsible minister would go into the United States and announce such a policy."

Mr. HARDY. Is that last paragraph a part of the speech?

Mr. CLARK. That was a part of the speech ending the quotation. A statement by the Hon. W. B. Ross. Gentlemen, I have been studying identically these problems for the past 20 years, and many of the proponents——

Mr. HARDY (interposing). Mr. Clark, did you need any study to know that the private corporations in Canada were studying their own interests and not our interests?

Mr. CLARK. None at all, but I was looking for proof of what has always been an understood fact, namely, that the existence of the Dominion of Canada as such was based upon agreement with the water provinces to generally move the business of Canada through Canadian ports and to divert to those ports as much American business as could by them be diverted away from American ports. This question was raised during the debate and a note of warning was given the Parliament by Mr. Ross (page 43 of document) as follows:

"You may lose something else beside your money; you may lose something with regard to the unity of the Dominion of Canada. You may find that this bill strikes at the old policy that was propounded, at all events so far as the maritime province people could understand it, as an attempt to direct trade east and west, not north and south, and to make one nation out of Canada."

Mr. BANKHEAD. Was the question involved before the Parliament at that time the granting of a subsidy to these roads?

Mr. CLARK. The question involved was that of the Government taking over the Grand Trunk Railway, including the roads within the United States owned by that company. These roads have since been taken over and to-day the Government of Canada is owning and operating railroads in the United States, continuing the policy to divert away from United States transportation systems and American ports United States commerce and to handle it via Canadian rail lines and Canadian ports.

Mr. SUTHERLAND. Let me interrupt to ask you a question right there. The rates are identical with those in the United States, are they not?

Mr. CLARK. No; their rates are not identical.

Mr. SUTHERLAND. The rates are made by the railroad companies and they permit certain rates in Canada; that is, it is with the consent of the American lines, is it not?

Mr. CLARK. Before the Interstate Commerce Committee in 1919 I——

Mr. BRIGGS (interposing). Indicate the number of the document you read from, please, for the benefit of the record.

Mr. CLARK. In the hearings before the Interstate Commerce Committee, H. R. 4378, I made a statement before that committee which ought more properly to have been made before this committee. That committee was considering the question of giving to the Interstate Commerce Commission control of the minimum rate of the water transportation systems of the United States engaged

in the coastwise trade. The undoubted purpose of the rail lines and of the Interstate Commerce Commission was that of preventing the making of low rates which would be too competitive with the rail lines. I sent to each member of this committee a copy of that statement. I felt at liberty to do so because there were so many things stated therein that this committee ought to know——

Mr. BRIGGS (interposing). What was the date of the hearing?

Mr. CLARK. The date of the hearing was September 18 and 19, 1919. I will say to the Delegate from Alaska that on that occasion I did appear for the Pacific Steamship Co.

Mr. SUTHERLAND. You are not appearing now for the Pacific Steamship Co.?

Mr. CLARK. Mr. Delegate, you have suggested that many times to this committee. You are no more justified in saying that I am appearing for the Pacific Steamship Co. in this hearing because I appeared for that company on the occasion mentioned than I would be justified in saying you are a citizen of Canada because you happened to have been born in Canada.

Mr. SUTHERLAND. Yes.

Mr. CLARK. I may again appear for the Pacific Steamship Co. and you may again be citizen of Canada, but at the present time you are a citizen of the United States and I am appearing here for the National Merchant Marine Association.

Mr. SUTHERLAND. Just what is your profession, Mr. Clark?

Mr. CLARK. My profession, that of specialist in transportation.

Mr. SUTHERLAND. Have you been appearing before committees in Washington for a great number of years?

Mr. CLARK. No; that is incorrect. My first appearance before a committee of the Congress was in August, 1917, when I appeared before this committee to prevent the blanketing of foreign shipping into the coastwise trade of the United States.

Mr. SUTHERLAND. You are on salary by the Pacific Steamship Co. now?

Mr. CLARK. No; I am not on salary from the Pacific Steamship Co.

Mr. SUTHERLAND. You are on commission with them?

Mr. CLARK. I am not on commission with them.

Mr. SUTHERLAND. Well, you receive fees from them?

Mr. CLARK. I expressed to you the other day that I have had retainers from the Pacific Steamship Co. for certain work, but not in connection with this hearing or this legislation, and furthermore, I was instructed not to appear here for them.

Mr. HARDY. Have you a retainer from that company now?

Mr. CLARK. I have a retainer from that company now but on other work.

Mr. HARDY. Do you think you can segregate your interests in such a way that you can feel for them in one respect and not in another?

Mr. CLARK. Mr. Hardy, I want to tell you something. This question is so infinitely greater than the effect it will produce upon the business of any one transportation company, that such question ought never to be raised.

Mr. HARDY. And you think your employment could not possibly affect your judgment?

Mr. DUFF (member of the executive committee of the National Merchant Marine Association). Mr. Chairman, if I may be permitted to make this statement: About 10 days ago the executive committee had a meeting in conjunction with the merchant marine committee of the Middle Western States. We called upon the President and we had a three-hour conference with the Shipping Board. Following that, we discussed several matters, included among which was this particular bill, because of its effect upon the coastwise trade. Senator Ransdell is president of that association and was in attendance at the time. The question arose as to what our attitude should be with regard to this bill and we admitted that there were no members of the executive committee who had the traffic knowledge or the broad knowledge of traffic affairs to successfully present the case before the committee. Senator Ransdell asked whether we thought we could get Mr. Clark to appear before the committee on behalf of the association. The secretary of the association spoke to Mr. Clark about it, conveyed the information to Senator Ransdell that Mr. Clark would be very glad to appear, and Senator Ransdell especially requested by letter that Mr. Clark appear here on behalf of the National Merchant Marine Association, and I believe that letter has been filed. I have also stated——

Mr. SUTHERLAND. Did the Pacific Steamship Co. agree to his appearing here?

Mr. DUFF. The Pacific Steamship Co. was not consulted, so far as I know.

Mr. SUTHERLAND. Presumably, a man in their employ would consult them before he appeared for this organization, would he not?

Mr. DUFF. I can not speak for the Pacific Steamship Co., except to this extent as I stated the other day, I am now and have been in the employ of the Pacific Steamship Co., and am their paid representative in Washington.

Mr. SUTHERLAND. And Mr. Clark has been in the past.

Mr. DUFF. Mr. Clark has represented the Pacific Steamship Co. in the past on certain matters. He appeared for them before the Interstate and Foreign Commerce Committee of the House, when the Esch-Cummins bill was up, and he has also represented others here, so far as I know, but at the present time he is not appearing here for the Pacific Steamship Co. I am representing the Pacific Steamship Co. and I have been directed not to get into this discussion. Mr. Clark is here on behalf of the National Merchant Marine Association.

Mr. SUTHERLAND. In order that the matter may be cleared up for the record, I think it may be well for the committee to know just how this matter stands. Mr. Clark, you played a part in having that clause placed in the so-called Jones bill, or the merchant marine act?

Mr. CLARK. I did not play a part in having the proviso added to section 27. I did have a part in suggesting section 27, which, without the proviso, is wholly protective of all American interests as relates to shipping in the coastwise trade.

Mr. THURMAN. Were you not largely responsible for the clause "excluding Alaska" which was placed in the bill?

Mr. CLARK. Mr. White sitting across here——

Mr. WHITE (interposing). Go ahead.

Mr. CLARK (continuing). Had been urged by constituents in Maine to oppose that provision of the bill known as section 27. I know Mr. White's heart was not in that matter, because he is wholly in harmony with the idea of a protected American merchant marine. It remained, however, for a Senator not at all connected with the conference to bring about the placing in that bill of the proviso, and it was on his agreement that the word "excluding" was written in that proviso.

Mr. THURMAN. Did you not in that hearing, and is not that hearing filled with pages of testimony from you supporting and urging that that be done?

Mr. CLARK. So far as Alaska is concerned?

Mr. THURMAN. Yes.

Mr. CLARK. My statements have always been of a character to urge that we should again close the gaps in the coastwise trade of the United States wherever they appear.

Mr. THURMAN. You have not yet answered the question. Was it not your testimony, and did you not appear earnestly in support of that clause excluding Alaska, and was it not largely upon your efforts that that language was included?

Mr. CLARK. May I say to you this, that that clause excluding Alaska never was discussed in any way, shape, or form in a public hearing. In the Senate committee hearings on the merchant marine act, 1920, we discussed the necessity for excluding all foreign ships from all the coastwise trade, and the Senate passed section 27 without provisos, but when it reached the conferees they added the proviso to that section.

Mr. HARDY. Who suggested excluding Alaska? Did you suggest excluding Alaska?

Mr. CLARK. No; I did not suggest excluding Alaska.

Mr. HARDY. And did not urge it?

Mr. CLARK. I strongly urged, when before the Senate committee, a general protection of our coastwise trade, but had no vioce before the conferees.

Mr. HARDY. Did you urge excluding Alaska?

Mr. CLARK. I never urged upon the committee excluding Alaska as a separate proposition. There were certain things the New England interests wanted. They particularly wanted to protect the Lake trades.

Mr. THURMAN. Did you not encourage the incorporation in the Jones bill of such language as in the opinion of Attorney General Wickersham was needed to prevent a haul by Canadian vessels and then into the United States?

Mr. CLARK. I most certainly did. Attorney General Wickersham's opinion was of a character to admit foreign vessels into the intercoastal haul through the Panama Canal provided there was a rail haul within Canada of the merchandise carried. Attorney General Wickersham's opinion was rendered in connection with a remote carrier upon the Yukon River——

Mr. THURMAN (interposing). But was not the Attorney General's opinion used by you in your argument before the committee in support of this section 27 of the Jones bill?

Mr. CLARK. Attorney General Wickersham's opinion was used.

Mr. THURMAN. Was it or was it not?

Mr. CLARK. Attorney General Wickersham's opinion was most certainly used by me before the Senate committee. His opinion had resulted, in practice, in breaking down the coastwise laws protective of United States vessels through the Panama Canal and elsewhere.

Mr. THURMAN. In other words, you were largely responsible for section 27 of the Jones Act as it is now written?

Mr. CLARK. I admit to being responsible for suggesting section 27, but not for the proviso. I am opposed to the proviso and desire that it should be stricken from the law.

Mr. THURMAN. Well, that is the same thing.

Mr. CLARK. Not at all the same thing.

Mr. WHITE. I think I can say something about this proviso. This proviso in somewhat different form was suggested to me by certain interests in New England. I took their suggestion and redrafted it and then in consultation with Senator Walsh, I again redrafted it, and then I urged it on the conferees.

Mr. CLARK. That is correct.

Mr. WHITE. And I think Senator Walsh also appeared at the same time before the conferees and urged it. Now, may I make a suggestion? Mr. Clark is a lawyer, I believe, or has been.

Mr. CLARK. No; Judge Hardy accredited me once with being a lawyer, but I am a specialist.

Mr. WHITE. Well, you ought to have been. You have represented various interests in the past, and we all understand that. Why can we not hear what he has to say?

Mr. HARDY. I do not think there is any criticism of Mr. Clark involved, but I think he ought to be frank and willing to lay his whole attitude before us in appearing before the committee. It is not necessary for us to reflect, and we do not reflect, on Mr. Clark.

Mr. WHITE. I did not suppose there was any question at all about the fact that at various times Mr. Clark has appeared for various interests.

Mr. HARDY And all that ought to go in the record

Mr CLARK All that has already been put in the record.

Mr. WHITE. It is in various hearings that have been held here and over in the Senate, and I do not see why we can not assume that is true and then hear his story.

Mr. SUTHERLAND. I know, but he is evading this question.

Mr. BLAND. You covered it all the other day when I was here.

Mr. SUTHERLAND. May I ask one more question? Whose employ were you in at the time you appeared in advocacy of this clause in the merchant marine act?

Mr. CLARK. If you mean section 27 as passed by the Senate, I was appearing on behalf of different shipping interests.

Mr. SUTHERLAND. Including the Pacific Steamship Co.?

Mr. CLARK. Including the Pacific Steamship Co.

Mr. EDMONDS. Is the Pacific Steamship Co. an American company?

Mr. CLARK. It is an all American line that has never operated a foreign ship.

Mr. EDMONDS. Then, what is the matter with it?

Mr. CLARK. I know of no reason why it should be considered a criminal offense if I were to appear on behalf of an American company. I have not objected to the appearances of others here on behalf of foreign shipping.

Mr. EDMONDS. He certainly has as much right to appear here for an American company as anyone has to appear for the Grand Trunk.

Mr. HARDY. Nobody raises any question about his right to appear and represent any interest he thinks proper.

Mr. WHITE. And I assume that all the members of the committee understand that Mr. Clark has at times represented various interests, and I want to hear him, with that understanding in my mind, and when I consider what he has said I will give proper weight to it.

Mr. CLARK. May I say this, Mr. White: There is nobody who can truthfully say that I have ever yet appeared before any committee of Congress and represented an interest that was not wholly American.

Now, may I add the additional statement made by Mr. White on the floor of the Canadian Parliament, as shown on Page 101 of Senate Document No. 162. He said:

"Furthermore, the minister of railways, in making his statement in the House the other day, said, in answer to a query as to how the freight having its origin in the Grand Trunk Western would be controlled so as to go to Canadian ports, said that it would be a very simple matter, because any canvasser or traffic man who tried to send freight otherwise than to Canadian ports would not hold his job very long."

That is the end of the quotation. The freight referred to is that from Chicago territory in the United States. There are many other statements——

Mr. HARDY. That meant with this Canadian-owned road?

Mr. CLARK. In the United States.

Mr. HARDY. I say Canadian-owned road in the United States.

Mr. CLARK. Yes. Now, I want to answer the statement by Mr. Sutherland by which I understood him to mean that these Canadian lines publish and maintain their tariffs in accordance with rate in tariffs of the United States' lines, so that there was no differential. The other day he stated that they wanted to use these Canadian lines because there was a differential in their favor, and there is a differential.

Mr. SUTHERLAND. And I explained in detail what the differential was.

Mr. CLARK. Exactly, and I submitted to the committee in this hearing of 1919 before the Interstate and Foreign Commerce Committee of the House—the hearing already identified—photostatic copies of expense bills issued by the Canadian steamship lines proving that where business originated in United States territory and moved for the long haul over Canadian rail lines they struck out the regular tariff rate on shipments for certain people and substituted a cut rate. The rates used for the long haul American business were no applied to shipments originating in Vancouver or to shipments originating in Seattle and carried for the short rail haul into Canada, to be from there handled on Canadian steamers.

Without the publication of a tariff this Canadian line made a preferential rate, one-third less upon their steamer lines on freight from the United States eastern territory through Canada than on other business not so carried.

Mr. EDMONDS. Did you look into the question of how the railroad rates on Canada affected the tariff in British possessions?

Mr. CLARK. You mean the duties?

Mr. EDMONDS. Yes; I will say in that connection that I heard this last night from the Bureau of Foreign Commerce, and it comes right in connection with our hearings in reference to shipment of American goods over Canadian lines. Wherever there is an ad valorem tariff, we will say in Australia, the prices are made on a net f. o. b. basis, but when the goods are shipped over American lines that f. o. b. basis is at the shipping point. In other words on Canadian lines they do not include the freight rates in their f. o. b. price, and the purchase comes f. o. b. American border, and the tariff is assessed on that basis, so that it is advantageous where a man has an ad valorem duty to pay in a foreign country to ship his goods over a foreign line.

Mr. HARDY (interposing). That seems to be a conflict of tariff provisions.

Mr. EDMONDS. It is simply a case where they take it f. o. b American border, and we will say, the freight rate might be $10 or $15 a ton and the tariff might be 25 per cent ad valorem, this simply means a reduction in the tariff on goods that are shipped over the Canadian line going, we will say, to Australia.

Mr. HARDY. Which is practically a cut-throat business through the means of the tariff?

Mr. EDMONDS. It means a great advantage to shippers to ship over the Canadian road.

Mr. HARDY. Certainly, it is just like getting a lowering of the tariff.

Mr. EDMONDS. Yes.

Mr. DAVIS. Just the other day Senator Ransdell made a speech in which he charged that certain United States railroads, including the Pennsylvania, the Baltimore & Ohio, and other systems, had made contracts which were on file with the Interstate Commerce Commission with certain foreign steamship lines, like the Cunard, the North German Lloyd, and other transoceanic lines for the shipment of freight. There must be some reason for doing that.

Mr. CLARK. There is a reason.

Mr. DAVIS. I want to ask you why it is that American railroads occupy such a different attitude in that respect from the attitude which you have described as being maintained by Canadian railroads?

Mr. CLARK. I think that will be clearly understood if the Congress will make it a point to investigate the financial controls and ownerships of our railroads.

Mr. BANKHEAD. Ownerships of what?

Mr. CLARK. Ownerships of stock and securities of United States railroads.

Mr. EDMONDS. That is not true on the Pacific coast, is it?

Mr. CLARK. I am speaking generally of United States rail lines taken as a whole. Take the 38 rail lines within the United States owned by the Government of Canada and by the Canadian Pacific, you will find those lines all headed by shrewd practical business men who carry out the policies enunciated by the Minister of Labor for Canada, of working business through Canadian ports. Their policy is to solicit their business that way. They are wholly loyal to a foreign interest and government. Policies of other American lines are not so definite.

Financial interests centering in New York have a general control of the railroads of this country. These financial interests sometimes are international financial interests, and because they are international, American roads are sometimes forced to conserve a foreign interest.

Mr. HARDY. Are you in favor of taking those railroads out of the hands of financial interests and letting the Government operate them?

Mr. CLARK. No; I am not.

Mr. HARDY. That seems to be your complaint.

Mr. CLARK. That is an entirely different question.

Mr. DAVIS. Now, Mr. Clark, if the law against interlocking directorates was literally enforced would that remedy the situation now?

Mr. CLARK. I think not, because if there is a community of interest it continues to be such regardless of prohibition against interlocking directorates.

International financial interests may have been responsible in part for these rail-line foreign steamship contracts, but a largely contributing factor is the desire of the rail lines to procure exclusive arrangement with a successful water carrier under which they will receive the inbound freight, possibly at preferential rates over that which their rail competitors might secure. Reverting to those Canadian-owned lines within the United States and their Canadian owners, the Canadian lines work very closely in the East with the New York Central, also with the New York, New Haven & Hartford. The relationship of the New York, New Haven & Hartford with the Grand Trunk was, I am informed, the result of the Grand Trunk being able to force it into submission.

The New York, New Haven & Hartford was reputed to have been conducting a losing fight to prevent the Grand Trunk, with English money, from occupying New Haven Territory by building an extension of the Central Vermont Railway, a subsidiary of the Grand Trunk, into New York City; in doing which they would have paralleled the New York, New Haven & Hartford. It is understood that after the death of President Hays, of the Grand Trunk, who lost his life in the wreck of the *Titanic*, a compromise was effected under which the New York, New Haven & Hartford was to divert to the Central Vermont Railway certain freight interchange, regardless of its own necessities, for carrying such freight westbound to the end of its line. The Central Vermont Railway Co., owned by the Grand Trunk, established the Central Vermont Transportation Co. This company, which is now owned by the Government of Canada, operates water carriers in our coastwise trade between New London, Conn., and New York City. I am informed that in the year 1919 it carried over 500,000 tons of freight from New York to New London, whence it was moved north and then west to Chicago over the foreign-owned Grand Trunk system. During that period 45 per cent of all the cars moving westbound from New York City over American lines were hauled empty.

Mr. DAVIS. That will not apply to the Pennsylvania and Baltimore & Ohio systems?

Mr. CLARK. No; but I wanted you to get that sidelight on influences adverse to American rail lines.

Mr. HARDY. How do you account for that line which you say was in our coastwise trade but belonged wholly to Canadian capital?

Mr. CLARK. The purpose in owning such line was to divert business to the Central Vermont Railway and Grand Trunk.

Mr. HARDY. Have we not a law that makes our coastwise trade necessarily American?

Mr. CLARK. God knows, we used to have a law of that kind——

Mr. HARDY (interposing). Has it ever been changed?

APPEARANCES FOR FOREIGN INTERESTS BEFORE COMMITTEES OF CONGRESS.

Mr. CLARK (continuing). But certain persons came here, ostensibly appearing on behalf of American interests. They posed as "angels of light" for the national benefit, but they urged modification of our navigation laws, including laws governing registration of vessels, and had provision made for registering vessels for citizen corporations without requiring the corporation to be owned by citizens. Attorney General Wickersham in 1911 held that such a corporation was competent to own American ships and have them registered. The case on which the decision was given was one where the so-called "citizen corporation" was wholly owned within Canada by Canadians and had but three American directors.

Mr. HARDY. Are you prepared to name the men who come before Congress under these false colors and make false pretenses?

Mr. CLARK. Prepared to do what?

Mr. HARDY. Are you prepared to name the men who come here and misrepresent these matters to Congress?

Mr. CLARK. I suggested to this committee that everyone appearing before it be put upon oath. I appear for an American organization in opposition to foreign interests. I am cross-examined by those appearing before the committee in effort to break down our protective laws and harassed to ascertain whom I am representing, but that is not done with regard to all people who appear here.

Mr. HARDY. It would be done and we intend to get everybody's interest.

Mr. CLARK. I think that would be very wise, if applied to all.

Mr. HARDY. And that is the reason I wanted to know the names of these men who were trying to mislead Congress and who came down here representing foreign interests, pretending to be American interests.

Mr. CLARK. When appearing before the Commerce Committee of the Senate on behalf of the most constructive marine legislation enacted in 100 years, the merchant marine act, 1920, I made the statement that the Congress was left to form the opinions from the testimony and advice of individuals, interested or disinterested, without knowing whether those coming before its committees were honestly interested in the development of a merchant marine under the American flag or were the representatives, direct or indirect, of foreign Governments whose main object would be to prevent United States successes in that direction. I charged also that Foreign Governments by insidious propaganda sought to influence statute and regulation which would prevent the possibility of the development of an American merchant marine. I pointed out the existence in Washington of lobbies for foreign interests seeking to break down our American merchant marine and official misinterpretation of our laws to cause them to be favorable to foreign interests, and many other like charges which should have brought denials if untrue. I would like to have you get the background of every witness before the committee.

Mr. HARDY. Now, from your own point of view, do you not think our interrogation of your interest is perfectly proper?

Mr. CLARK. I have made no objection to it, but when I made my statement as to whom I represent and stated that I did not on this occasion represent the Pacific Steamship Co., my statement should have been accepted or I should have been placed on oath to enable me to swear to the facts. It's the representatives of foreign shipping you should question and uncover. American shipping is harmless. Referring again to Mr. Bankhead's inquiry regarding rail contracts with foreign shipping companies. I have been studying some 17 of those contracts and expect to study more of them. Partly as the result of contracts with foreign shipping companies made by railroads running through the South, not a pound of American grain has moved in an American ship in export to Europe from a South Atlantic port in all of 1920 or so far in 1921.

Mr. DAVIS. Does that apply to the grain shipped from Galveston, for instance?

Mr. CLARK. No; that statement applies only to South Atlantic ports. The Galveston grain, the greater part of it. has moved in foreign bottoms. Some of it moves in American bottoms, but the majority of all grain shipments has been in foreign bottoms. Gentlemen, the necessity for protecting our national interests is as wide as the country itself.

Mr. HARDY. I thought at Galveston they had applied for and gotten Shipping Board vessels to use in that transportation.

Mr. CLARK. They did, but the exclusive arrangements between the foreign grain buyers, foreign shipping companies, and the railroads are in some instances of a character to prevent through bills of lading under which the grain would be delivered to an American ship.

Mr. HARDY. Are all of the railroads in the United States in such a conspiracy against our shipping?

Mr. CLARK. No; not all of them.

Mr. HARDY. What roads are not? Maybe they would be easier to mention than those that are?

Mr. CLARK. I am not so sure that they would be. Many of them are deceived.

Mr. HARDY. Is the Southern Pacific in it?

Mr. CLARK. Many of them are deceived and others are moved by the influences brought to bear upon them.

Mr. HARDY. Do you know whether the Southern Pacific is in it or not?

Mr. CLARK. I know of no Southern Pacific contract of the character mentioned. I would rather not be heard on this railroad question to-day in so far as it relates to those things, because I am only in the beginning of that study. When I have concluded it I will not object to coming before this committee and stating the facts as I find them.

Mr. BANKHEAD. Are copies of those contracts available to you?

Mr. CLARK. They are now public records in the Interstate Commerce Commission. They were never voluntarily filed with the commission by the railroad companies as they should have been, but on a request, coming from Senator Jones, the commission required them to be filed.

Mr. EDMONDS. I understand they are now investigating them down at the Shipping Board also?

Mr. CLARK. I believe so.

Mr. DAVIS. I was just going to ask you if you knew whether the Interstate Commerce Commission was conducting any investigation or contemplating taking any action with regard to those matters ?

Mr. CLARK. I think not.

Mr. EDMONDS. I would like to ask Mr. Clark a question: If we put into effect section 28, I think it is, of the shipping bill, which gives preferential railroad rates to exports and imports handled on American ships, would not that cure this situation except as to the Canadian situation?

Mr. HARDY. If we put that into effect will we not be doing the very thing we are now criticizing the Canadian Government for doing?

Mr. EDMONDS. But we are only doing it as a matter of defense, and we have a perfect right to do it, and it does not call for any retaliation. That is the beauty of it.

Mr. CLARK. When you have heard what I will put into this record before concluding I think you will believe that the United States is entitled to indulge in a great deal of retaliation before it evens up the score of discriminations by foreign Governments.

In answer to Mr. Edmonds's question. Recently, if not at the present time, Montreal was congested and Georgian Bay was congested with American wheat diverted away from New England ports and from New York and Philadelphia to Canada. If section 28 were made effective every pound of that wheat would move in American vessels from direct ports of the United States or Canada, or the foreign carrier would be obliged to absorb from the ocean rate of $3.40 per ton anywhere from $1.20 to $1.90, being the differential between domestic and export rates for the rail haul within the United States. The statement has been made by Mr. Edmonds that that is not a discrimination against foreign ships. He is right. The preferential rail rate for export is a discrimination against the domestic shippers in favor of export shippers; we have a perfect right to say that we will qualify such discrimination by requiring that the merchandise must move so that it will benefit the United States, viz, in a ship of the United States.

Mr. DAVIS. How do you mean it is a discrimination against the domestic shipper? Will you please explain that statement?

Mr. CLARK. Well, it is at a lower rate than the domestic shipper is permitted to receive, conditional upon the commodity being for export.

Mr. WHITE. Does it not work out that the general shipping public has to stand it?

Mr. CLARK. The general shipping public has to stand it.

Mr. WHITE. Yes.

Mr. CLARK. The local shipper.

Mr. WHITE. Yes.

Mr. EDMONDS. And that has always been in effect; a preferential rate for export shipment has always been in effect, except now we say that is only good if they use American ships.

Mr. CLARK. Yes; export rates have been in effect for some long time but have heretofore been used principally to subsidize foreign-flag ships. Section 28 would confine the export or import rate to merchandise carried in American ships.

Mr. EDMONDS. Export rates have always been in effect, and it does not change the situation at all.

Mr. WHITE. As I understand it, as it is now, the general American shipping public has to stand it and the foreign shipping gets the benefit of it?

Mr. CLARK. Yes; just that.

Mr. WHITE. If that provision is to get into effect, the general shipping public will have to stand it, as it does now, but American shipping will get the advantage?

Mr. CLARK. Yes. You are quite right.

Mr. HARDY. But, on the other hand, when we put on that discrimination, you will find the foreign governments putting on some counter discrimination against us.

Mr. CLARK. I am glad you mentioned that, because later I want to show you some of the things that are being done against American ships.

Mr. CHINDBLOM. We do not need to wait for them to retaliate, do we?

Mr. CLARK. No; we have ample provocation already.

Mr. HARDY. If we found that Canada was shipping goods into the United States with a lower rate of freight, provided the goods went on some road they were interested in, would not we retaliate in some way?

Mr. WHITE. Why, we have been permitting that for 40 years with respect to New England shipments, have we not, Mr. Clark?

DISCRIMINATION AGAINST AMERICAN IN FAVOR OF CANADIAN WHEAT AT AMERICAN PORTS.

Mr. CLARK. We certainly have, and to the breaking down, financially, of American railroads in New England. Gentlemen, I want to tell you something that exists to-day by way of discrimination against American products at the port of New York. American wheat, moving through that port to transatlantic destinations, must pay its ocean freight in American gold; ocean freight on Canadian wheat from New York is permitted to be paid for in Canadian currency at about 14 per cent less than demanded for American wheat. Talk about discriminations——

Mr. HARDY. You think, then, that foreign ships give cheaper rates for Canadian wheat than they do for American wheat?

Mr. CLARK. I talked in New York with a member of the transatlantic conference, who made that statement to me and asked whether such discrimination was not in contravention of the shipping act. I gave him my opinion that it was. That was day before yesterday or, rather, night before last.

Mr. HARDY. Let me get that plain; these same ships that carry American wheat from American ports give lower rates on Canadian wheat from the same ports?

Mr. CLARK. They accept about 14 per cent discount for Canadian grain, which is the present rate for Canadian exchange.

Mr. HARDY. In effect it is giving them cheaper rates?

Mr. CLARK. Yes. The question may be asked: Why do these American railroads not rise in protest against these things which I have been telling you this morning? One reason is this: American railroads, as far as their traffic heads are concerned, are principally concerned with how much business they can secure for movement over their railroad. When officials of American roads are confronted with pressure, such as is brought to bear by Canadian-owned trunk-line roads in the United States, and are told: "If you do not conform to what we desire we will not route business via your road," it is a pretty strong club. A traffic official is particularly interested in the question of getting business by interchange or direct solicitation sufficent in quantity to produce a net return for this road.

Mr. DAVIS. Now, the natural power of the Canadian railroads is insignificant as compared to the natural power of the United States railroads, and why is

it not a fact that the American railroads are patriotic enough to use a club themselves. Freight goes both ways; it goes from the United States to Canada as well as from Canada to the United States.

Mr. CLARK. For this reason: Your English-Canadian or other colonial transportation systems represent organized business effort backed by their Government in their private undertakings, while American railroads have no legal right to organize for mutual protection or boycott, as would be necessary, and are not given Government cooperation. In the hearings on H. R. 5609 you will find the showing that British interests were influential enough in Washington in 1917 to have food and other shipments intended for New York City sidetracked in favor of shipments moving in British ships to Vladivostok and to force the use of the Cincinnati gateway, the most congested gateway in the country, in moving railroad materials through Cincinnati and into New York City, and to have it laden upon ships without delay for movement through the Panama Canal to Vladivostok, the port already mentioned.

Mr. SUTHERLAND. During the war?

Mr. CLARK. During the war, when the whole question of the success or failure of the war was dependent and stated to be dependent upon keeping New York free for the movement of war materials.

Mr. DAVIS. Well, of course, that running of freight through New York has been a continuous performance before the war, during the war, and since the war, and it is still true when various other Atlantic ports are not used to their capacity at all.

Mr. CLARK. This particular performance was due to the fact that the British purchasers of railway materials for Russia could not force routings over Canadian rail lines to Vancouver, British Columbia. The steel companies proposed to distribute such routings in part to American western rail lines, so conserving their own business. I am informed that when this was ascertained by the British Admiralty such shipments were ordered routed through New York with the result described.

Mr. WHITE. Was there any other purpose in it?

Mr. CLARK. Yes. They would not permit it to move through Galveston, they did not propose to permit it to move from south Atlantic ports, they did not propose to permit it to move through Pacific Ports; they had an object in moving it through New York.

Mr. WHITE. What was it?

Mr. CLARK. The object was to congest New York and to denude Pacific ports of equipment and so afford justification for diverting more freights through Halifax and Vancouver. The endeavor of British or Canadian officials was always to insure a balanced traffic to Canadian rail lines.

Mr. HARDY. And the whole American railroad system lent themselves to that kind of a scheme?

Mr. CLARK. The whole American railroad system unwittingly lent themselves, never having seriously studied the broader traffic subject. I have knowledge of no other person connected with traffic of American railroads being given authority to step aside from the problem of direct competitive business to study the broad principles of constructive traffic. For some years prior to the Railroad Administration taking over the railroads, I studied such traffic to learn the causes of uneconomic traffic conditions. I found them in the foreign controls of the transportation of our United States commerce.

Mr. CHINDBLOM. You said this congestion of which you spoke a moment ago was in 1916?

Mr. CLARK. In 1917, before and after we had entered the war.

Mr. CHINDBLOM. I misunderstood you; I thought you said in 1916.

Mr. CLARK. You will find in the record mentioned by Mr. Edmonds this statement—I think it was made by Mr. Edmonds or perhaps by Mr. Rowe—that "only yesterday, in talking with a New York importer, I was told that he could not get his shipments from Europe direct to New York; but was informed that if he would send them to Halifax they would get them to New York for him by rail."

Mr. EDMONDS. Yes; I remember that testimony.

Mr. CHINDBLOM. That was also during the war?

Mr. CLARK. That was on the same date, and during the war; that was on August 17, 1917.

Mr. HARDY. Have you already put in the record the names of those Canadian-owned American railroad trunk lines?

Mr. CLARK. I have not, but I would be glad to put the names in the record.

Mr. HARDY. I wish you would and let that go in the record right at this time—what are the names of the Canadian-owned American railroad trunk lines.

Mr. EDMONDS. Start with the east and go west. The Central of Vermont is one of them, is it not?

INTERSTATE COMMERCE COMMISSION'S REPORT OF CANADIAN CONTROL OF AMERICAN RAILROADS.

Mr. CLARK. Permit me to read this part of the commission's report.

"The study made of the annual reports for the year ended December 31, 1918, discloses that the total single-track mileage operated in the United States by the Canadian Northern Railway Co. and controlled lines on December 31, 1918, was 222.32 miles. The controlled lines are the Duluth, Winnipeg & Pacific Railway Co. and the Minnesota & Manitoba Railroad Co. Each files annual reports with this commission. Both are controlled through stock ownership by the Canadian Northern Railway Co. Their intercorporate relationship and other pertinent facts are set forth in the statement and accompanying chart marked 'Exhibit A.' None of this mileage in the United States was operated under Federal control by the United States Railroad Administration."

Mr. HARDY. That shows 221 miles.

Mr. CLARK. I will give you the total of the milage before I am finished.

Mr. HARDY. That shows 221 miles under the control of the Canadian-owned railroads.

Mr. CLARK. Under the control of the Canadian Northern Railway Co.

Mr. CHINDBLOM. Will you give us the reference to the document from which you are reading.

Mr. CLARK. This is on page 5 of Senate Document No. 162, Sixty-sixth Congress, second session, being a report of the Interstate Commerce Commission. On page 55 of this document the statement made as to why these lines were not under the Railway Administration's control leaves the inference that it was because of conferences with officials of Canada endeavoring to see that they were not brought under control.

Mr. HARDY. I wish you would read that part of the statement; I want to see what that is, because I am curious. That is a statement by the Interstate Commerce Commission, or is it a statement by somebody else?

Mr. CLARK. I do not have it marked on this particular page here.

Mr. EDMONDS. That is only one railroad, I understand?

Mr. CLARK. That is only one railroad.

Mr. HARDY. That says 222 miles, and I want to know whether that is a statement by the Interstate Commerce Commission or a statement by somebody else.

Mr. EDMONDS. He said it was the Interstate Commerce Commission.

Mr. HARDY. I wanted to call his attention to that. I understood him to say that, and I wanted to be sure that was a statement by the commission.

Mr. CLARK. The statement as to the mileage is by the Interstate Commerce Commission. This statement made as to influences at Washington is by Hon. Mr. Robertson. Mr. Robertson is minister of labor in control of Canadian railroads.

Mr. HARDY. But not by the Interstate Commerce Commission of the United States?

Mr. CLARK. No. Mr. Robertson said:

"* * * At the present time the Government of Canada, as owner of the stock of the Canadian Northern Railway Co., is operating between 200 and 300 miles of railway in the United States without any interference being had, or exception taken by the Government of the United States, except that when the United States Government took over the control and operation of the railroads in that country they specifically excluded that piece of road, which is owned and operated by the Canadian Government; they said they would not interfere with it—they were satisfied that we should operate it. I, myself, discussed the question with the legal representative of the Director of Railroads of the United States in May, 1917, in the city of Washington, as it affected the railway employees, in whom at that time I was directly interested."

Mr. EDMONDS. This is the Interstate Commerce Commission's report that you reading?

Mr. CLARK. The report is by the Interstate Commerce Commission. But what I just now read was quoted from the debate upon the floor of the Cana-

dian Parliament, which is included by the Interstate Commerce Commission as a part of the report.

Mr. HARDY. You can understand if these roads were owned by the Canadian Government that our Government would not want to assume responsibility to the Canadian Government by taking them over?

Mr. CLARK. I am not offering criticism.

Mr. CHINDBLOM. That may be true; but I think we could have prevented them from using them for merchandising goods while we were using our roads for war shipments during the war.

Mr. HARDY. It was not because of Canadian influences that the railroad director did not take over the operation of the Canadian-owned railroads in the United States?

Mr. CLARK. That is hardly correct, in view of Mr. Ross's statement.

Mr. HARDY. I think it was simply through a very wise consideration.

Mr. CLARK. I will continue reading:

"The annual reports on file with us do not disclose the interest of the Government of the Dominion of Canada in the Canadian Northern Railway Co. or its controlled lines.

"From official reports published by that Government it appears that on October 1, 1917, the Canadian Northern Railway Co. was taken over by the Government of the Dominion of Canada through stock purchase, and is now a part of the Canadian National Railways.

"Like study of the annual reports on file with us discloses that the total single-track mileage in the United States controlled directly or indirectly by the Grand Trunk Railway Co. of Canada on December 31, 1918, was 1,674.73 miles, most of which was operated under Federal control by the United States Railroad Administration. The controlled railroad lines are 23 in number. Each is covered by annual reports filed with this commission. Their intercorporate relationship and other pertinent facts are set forth in the statement and accompanying chart marked 'Exhibit B.'

"The Grand Trunk Railway Co. of Canada, through the Detroit, Grand Haven & Milwaukee Railway Co., also controls the Grand Trunk-Milwaukee Car Ferry Co."—

Another coastwise carrier in the United States, if you please—

"* * * which owns and operates two car-ferry steamers plying between Grand Haven, Mich., and Milwaukee, Wis., and, through the Central Vermont Railway Co., the Central Vermont Transportation Co., which owns and operates two steamers plying between New London, Conn., and New York, N. Y."—

Also a foreign-owned company in our coastwise trade.

"The annual reports on file with us do not disclose the interest of the Government of the Dominion of Canada in the Grand Trunk Railway Co. of Canada or its controlled lines."

Mr. EDMONDS. Has not the Grand Trunk been nationalized since?

Mr. CLARK. It has been taken over, and the approval by the stockholders was given in March, I think, 1920.

Mr. HARDY. I may be mistaken, and I would like to have some one tell me whether I am, but I thought the coastwise laws required that a majority of the stock of the lines engaged in our coastwise trade should be American owned; I may be mistaken about that.

Mr. CHINDBLOM. I would like to have an answer to the question of Mr. Edmonds.

Mr. EDMONDS. I will say the Central Vermont is an American corporation, and the Central Vermont Railway Co. owns the stock of the steamship company; therefore the question of the American ownership of the stock has never been raised, because nobody has raised it. As a matter of fact, legally, probably they are complying with the law.

Mr. CHINDBLOM. Mr. Clark, Mr. Edmonds asked you a question about the nationalization of the Grand Trunk Railway Co.

Mr. CLARK. Pardon me; I started to say that the Grand Trunk Railway nationalization act was passed by the Senate and House of the Canadian Parliament. It was subject to the approval of the Grand Trunk stockholders in Great Britain. It was so approved, and a commission was appointed in accordance with the provisions of that law to value the Grand Trunk properties. On that valuation commission or arbitration board were certain Canadians and others, also our present Chief Justice of the Supreme Court of the United States, who finished his analysis of the valuations, made his final report, and

received his compensation subsequent to the time he was elevated to the Supreme Court Bench.

Mr. WHITE. He made a minority report?

Mr. CLARK. Yes; a minority report, proposing the paying of certain amounts to the English stockholders. May I proceed? [Continues reading:]

"By bill 33, entitled 'An act respecting the acquisition by His Majesty of the Grand Trunk Railway System,' which was passed by the House of Commons of Canada on November 4, 1919, and, after amendment by the Senate of Canada, was enacted on November 8, 1919, the Government of the Dominion was authorized to enter into agreement with the Grand Trunk Railway Co. of Canada, thereinafter called the 'Grand Trunk,' and with such other companies and interests as the Government may think necessary for the acquisition by the Government of the entire capital stock of the Grand Trunk except its 4 per cent guaranteed stock, amounting to £12,500,000, the said agreement to contain provisions for the defining of the companies, properties, and interests comprised in the Grand Trunk System.

"The act sets forth certain conditions under which the Government can acquire the stock of the Grand Trunk, and provides that when the agreement has been ratified by the holders of the different stocks enumerated in the preamble of the act a committee of management is to be formed consisting of five persons, two to be appointed by the Grand Trunk, two by the Government, and the fifth by the four so appointed, to insure the operation of the Grand Trunk System in so far as possible in harmony with the Canadian National Railways. The Senate amendment set limits to the award which could be made by the board of arbitrators created by the act to determine the value at which the stock is to be acquired.

"It appears that the agreement has been entered into and that the Grand Trunk has been taken over by the Government of the Dominion of Canada as part of the Canadian National Railways.

"It does not appear that there is any present or prospective ownership or control by the Government of the Dominion of Canada of any line or lines of railway or part thereof situate within the territory of the United States other than those considered above and comprised in the two Canadian systems named.

"But, in view of possible interpretation of the terms 'prospective ownership or control' as used in the Senate resolution, we deem it appropriate to mention that the Canadian Pacific Railway Co. directly or indirectly controls 13 lines of railroad in the United States, as appears from their annual reports on file with us, with an aggregate single-track mileage in the United States of 5,356.25 miles, most of which is operated under Federal control by the United States Railroad Administration. Their intercorporate relationship and other pertinent facts, as shown by those reports, are set forth in the accompanying statement and chart marked 'Exhibit C.'

"It appears from the report of the royal commission to inquire into railways and transportation in Canada, made in 1917, that the Government of the Dominion of Canada has given aid to the Canadian Pacific Railway Co. over a long series of years in money, grants of land, and otherwise."

Mr. HARDY. Who makes this statement you are reading now?

Mr. CLARK. The Interstate Commerce Commission.

Mr. BANKHEAD. How much more of that report is there that you want to offer?

Mr. CLARK. I would not have offered any of this, except for the request made by Mr. Hardy. The balance of this page will complete that part of the report, and it is of interest as bearing on this subject.

Mr. EDMONDS. Can you put that in, or do you want to use that in further debate?

Mr. CLARK. No; I can put that in.

Mr. EDMONDS. And also a list of the railroads?

Mr. CLARK. I can put in a list of the railroads also.

Mr. BANKHEAD. That is what I was going to suggest.

Mr. CLARK. Here follows the balance of the statement and the list of American rail lines owned and controlled within Canada:

"The Canadian Northern Railway Co., the Grand Trunk Railway Co. of Canada, and the Canadian Pacific Railway Co., as such, are not subject to the act to regulate commerce, or owners of railroads engaged in interstate commerce as defined in that act within the territorial limits of the United States, and consequently do not file annual reports with us under section 20 of that act.

"None of the mileage in the United States of their respective systems is owned directly by any Canadian component of those systems. The control is exercised by ownership of stock in or lease from the companies owning the mileage, or by both, and such stock ownership or lease is held either by one of the companies comprising the controlling system or by trustees.

"The chart forming part of Exhibit B shows subsidiary companies as controlled in some instances by trustees for the Grand Trunk and in others through trustees by the Grand Trunk. These terms are taken from the annual reports of the controlled lines and are not used as signifying different methods of control.

"Additional data acquired in the course of the investigation are listed in the margin and accompany this report.

"The tariffs naming rates and charges for application to interstate or foreign commerce in effect over the railways in the United States now forming part of the Canadian National Railways are on file with us, and the traffic thereunder remains subject to the act to regulate commerce, as amended.

"It is well settled that the regulatory power of Congress includes that part of transportation to an adjacent foreign country which takes place within the confines of the United States."

(Here follows the list of American rail lines owned and controlled within Canada:)

AMERICAN RAIL LINES CONTROLLED WITHIN CANADA.

Canadian Northern Railway Co. (from Exhibit A): The total mileage (single track) operated in the United States by Canadian Northern Railway and controlled lines on December 31, 1918, was 222.32 miles.

Duluth, Winnipeg & Pacific Railway: Miles owned, 170.50; miles operated, 178.62. Majority of capital stock controlled by Canadian Northern Railway Co.

The Minnesota & Manitoba Railroad Co.: Miles owned, 43.70. Operated under lease by the Canadian Northern Railway Co., which also controls the entire capital stock.

Grand Trunk Railway Co. of Canada (from Exhibit B): The total mileage (single track) operated in the United States by the Grand Trunk Railway Co. of Canada and controlled lines on December 31, 1918, was 1,674.73 miles.

Vermont & Province Line Railroad Co.: Miles owned, 3.11. Controlled and operated by the Grand Trunk Railway Co. of Canada.

Atlantic & St. Lawrence Railroad Co.: Miles owned, 165.20. Operated by Grand Trunk Railway Co. of Canada under lease.

Norway Branch Railroad Co.: Miles owned, 1.50. Operated by Grand Trunk Railway Co. of Canada under lease.

Lewiston & Auburn Railroad Co.: Miles owned, 5.41. Operated by Grand Trunk Railway Co. of Canada under lease.

The Champlain & St. Lawrence Railroad Co.: Miles owned, 1.21. Controlled and operated by the Grand Trunk Railway Co. of Canada.

Central Vermont Railway Co.: Miles owned, 246.30; miles operated, 411.20. Controlled by Grand Trunk Railway Co. of Canada.

Central Vermont Transportation Co.: Shown on page 6 of the report, but not in the chart. Owning and operating two steamers plying between New London, Conn., and New York, N. Y.

Bethel Granite Railway Co.: Miles owned, 5.40. Operated by Central Vermont Railway Co., which owns entire capital stock.

New London & Northern Railway Co.: Miles owned, 123.50. Operated by Central Vermont Railway Co. under lease.

West River Railroad Co.: Miles owned, 36. Capital stock owned by New London & Northern Railway Co. Included in lease to Central Vermont Railway Co.

Chicago, Detroit & Canada Grand Trunk Junction Railroad Co.: Miles owned, 60.39; miles operated, 62.77. Controlled by trustees for the Grand Trunk Railway Co. of Canada.

The Cincinnati, Saginaw Mackinaw Railroad Co.: Miles owned, 68.19; miles operated, 70.43. Operated by Grand Trunk Railway Co. of Canada under lease.

Bay City Terminal Railway Co.: Miles owned, 1.19. Controlled by Grand Trunk Railway Co. of Canada and included in operating of Cincinnati, Saginaw & Mackinaw Railroad Co.

Detroit, Grand Haven & Milwaukee Railway Co.: Miles owned, 193.73; miles operated, 196.03. Controlled through trustees by Grand Trunk Railway Co. of Canada.

Grand Trunk Milwaukee Car Ferry Co.: Shown on page 6 of report, but not on chart. Owning and operating two car ferry steamers plying between Grand Haven, Mich., and Milwaukee, Wis.

Grand Rapids Terminal Railroad Co.: Miles owned, 2.30. Operated under agreement by Detroit, Grand Haven & Milwaukee Railway Co.

United States & Canada Railroad Co.: Miles owned, 22.18. Operated and controlled through trustees by Grand Trunk Railway Co. of Canada.

Toledo, Saginaw & Muskegon Railway Co.: Miles owned, 96.95; miles operated, 96.95. Controlled by trustees for Grand Trunk Railway Co. of Canada.

Michigan Air Line Railway: Miles owned, 105.6. Operated and controlled through trustees by Grand Trunk Railway Co. of Canada.

Grand Trunk Western Railway Co.: Miles owned, 331.32; miles operated, 350.37. Controlled through trustees by the Grand Trunk Railway Co. of Canada.

Chicago & Kalamazoo Terminal Railroad Co.: Miles owned, 2.53. Owned and operated by the Grand Trunk Western Railway Co.

Detroit & Huron Railway Co.: Miles owned, 18.59; miles operated, 18.59. Controlled by trustees for the Grand Trunk Western Railway Co.

Detroit & Toledo Shore Line Railway Co.: Miles owned, 47.60; miles operated, 61.90. Controlled jointly by Grand Trunk Western Railway Co. and Toledo, St. Louis & Western Railroad Co.

Pontiac, Oxford & Northern Railroad Co.: Miles owned, 100.59; miles operated, 100.59. Controlled by trustees for Grand Trunk Western Railway Co.

St. Clair Tunnel Co.: Miles owned, 2.24; miles operated, 2.24. Controlled through trustees by the Grand Trunk Railway Co. of Canada.

International Bridge Co.: Black Rock, N. Y., to Fort Erie, Canada, 1.02 miles (0.68 mile in United States). Of $1,500,000 par value capital stock, $693,400 held by shareholders of Grand Trunk Railway Co. of Canada (Poor's Manual, 1918). Files no report.

Canadian Pacific Railway Co. (from Exhibit C): The total mileage (single track) operated in the United States by Canadian Pacific Railway and controlled lines on December 31, 1918, was 5,356.25 miles.

International Railway Co. of Maine: Miles owned, 144.6; miles operated, 201.2. All stock held in trust for Canadian Pacific Railway Co. Operated by Canadian Pacific Railway Co. Has trackage rights with Maine Central.

Aroostook River Railroad Co.: Miles owned, 29.30. Operated by Canadian Pacific Railway Co. All stock held in trust for Canadian Pacific Railway.

Houlton Branch Railroad Co.: Miles owned, 3.20. Operated by Canadian Pacific Railway Co. under lease.

Newport & Richford Railroad Co.: Miles owned, 22; 21.50 miles in United States. Operated by Canadian Pacific Railway Co. account of the Montreal & Atlantic Railway Co., lessee. The Newport & Richford Railroad Co. is controlled by the Connecticut & Passumspic Rivers Railroad Co.

Minneapolis, St. Paul & Sault Ste. Marie Railway Co.: Miles owned, 3,171.92; miles operated, 4,243.41. Controlled by trustees for the Canadian Pacific Railway Co.

Ste. Marie Union Depot Co.: Main track, 0.53 mile; yard track and sidings, 1.97 miles. Controlled jointly by Duluth, South Shore & Atlantic Railway Co. and Minneapolis, St. Paul & Sault Ste. Marie Railway Co.

Central Terminal Railway Co.: Owns 6.91 miles of yard and track and sidings. Capital stock owned by Minneapolis, St. Paul & Sault Ste. Marie Railway Co.

Wisconsin Central Railroad Co.: Miles owned, 1,020.74. Controlled and operated by the Minneapolis, St. Paul & Sault Ste. Marie Railway Co.

Duluth South Shore & Atlantic Railway Co.: Miles owned, 570.42; miles operated, 599.62. Controlled by trustees for the Canadian Pacific Railway Co.

Ste. Marie Union Depot Co. (For detail see subsidiary under Minneapolis St. Paul & Sault Ste. Marie Railway Co.)

Mineral Range Railroad Co.: Miles owned, 69.32; miles operated, 101.11. Controlled by the Duluth South Shore & Atlantic Railway Co.

Hancock & Calumet Railroad Co.: Mileage owned, 29.15. Operated by the Mineral Range Railroad Co., which owns the entire capital stock.

Spokane International Railway Co.: Miles owned, 141.37; miles operated, 156.38. Controlled by interests representing the Canadian Pacific Railway Co., through ownership of majority of capital stock.

Coeur D'Alene & Pend D'Oreille Railway Co.: Miles owned, 20.65; 11.61 miles operated under lease by Spokane International Railway Co., which owns the entire capital stock.

Mr. DAVIS. Right in that connection, Mr. Clark, do you understand that it is the policy of the Canadian Government to acquire all of the railroads in that manner?

Mr. CLARK. I think that having started on that road they can not retrace their steps, but will have to go through with it and eventually acquire all or subsidize private capital to operate those already acquired. They did not intend to acquire the Grand Trunk system, but Canadian officials by parliamentary action had encouraged the Grand Trunk to build the Grand Trunk Pacific and had in addition guaranteed returns on certain preferred stock of the Grand Trunk. Neither the cost nor the operating expenses of the Grand Trunk Pacific could be provided by the Grand Trunk and it was asking the Canadian Government for further assistance. They thought the cheapest way out was to acquire the railroads; last year, of the railroads acquired by the Canadian Government, the Canadian Northern alone went $40,000,000 in the hole and the Canadian taxpayers must bear the losses.

Mr. BANKHEAD. They got off light.

Mr. DAVIS. Now, Mr. Clark, do any of the United States railroad systems own any railroad lines in Canada?

CANADIAN COOPERATION FOR CANADIAN BENEFIT.

Mr. CLARK. The Northern Pacific and the Great Northern, in the western part of the United States, attempted to build up into Canadian territory. Each line built a road to Winnipeg. My present understanding is that they were so harrassed in their operation that it became necessary at least for one of the companies to lease its road to the Canadian Northern. The Great Northern built into Vancouver, British Columbia, from Everett, Wash. The Northern Pacific owned what was known as the Seattle & International, which was built to Sumas, on the border of Canada and there connected with the Canadian Pacific running to Vancouver. Speaking from my own observation and experience with one of these transcontinental lines, whenever some active solicitor for one of those American lines located in the eastern part of the United States or Canada managed to secure a carload or two of freight out of Montreal, or from Quebec, which is more French than English in some details, and it moved through United States territory into Vancouver, almost invariably there would be delay to such shipment by the Canadian customs and somebody connected with a Canadian line would go to the consignee and say in effect: "Had you shipped your merchandise over a Canadian road, you would have it; but it is held up in the customs, and there is no telling when you will get it." I learned this from personal conversations with the American line solicitors in Canada, at the time.

Mr. DAVIS. It seems to resolve itself down to the proposition that all of the Canadians, individually and collectively——

Mr. CLARK (interupting). Work harmoniously for their country, as they should. We have traded the transportation benefits of 110,000,000 people for the possible transportation benefits to be gained from 8,000,000 people when we permit bonding United States commerce through Canada.

Mr. CHINDBLOM. And you do not get that?

Mr. HARDY. Those specific restrictions and inconveniences do not apply solely to the Canadian border.

Mr. CLARK. I know of no other border to which they could apply in the same manner.

Mr. HARDY. We have shippers down South that can not get carloads booked.

Mr. DAVIS. Are there any American-owned lines in eastern Canada?

Mr. CLARK. I think the New York Central line has one—from Buffalo to Detroit—known as the Michigan Central. It is organized under the laws of Canada and my understanding is it is owned by the New York Central Railroad, or one of its subsidiary companies.

Mr. EDMONDS. Some of the New England roads run over to Quebec, too, do they not? Does not the Maine Central run over to Quebec?

Mr. CLARK. No. As I understand it they connect with Canadian lines; they reach Canadian territory only over Canadian roads.

Mr. CHINDBLOM. What about New York to Montreal?

Mr. CLARK. The New York Central may own its line into Montreal; but as to that I am not positive.

Mr. HARDY. What law is it that is not enforced and what law ought we to have put in force?

Mr. BANKHEAD. Do I understand you favor this Sutherland bill, or that you oppose it?

COASTWISE LAWS OF UNITED STATES SHOULD BE MADE MORE PROTECTIVE.

Mr. CLARK. I am opposing it. I want the coasting laws of the United States made so tight that no foreign owner of American shipping or foreign shipping American owned may operate in those coastwise trades; and if every member of this committee would only hark back to those days of April, 1917, when "Ships to save the world" was the cry, and realize that by the protection which had formerly existed we then possessed 3,000,000 tons of ocean shipping available for war uses, that would not have been ours except for that protection, you would vote to eliminate the amendment to section 27 and let the section stand as it was originally drawn.

Mr. SUTHERLAND. May I read an extract from a letter I have just received from Juneau that bears on this?

Mr. BANKHEAD. Do you want to make a statement in connection with this bill?

Mr. SUTHERLAND. I did make a brief statement at the beginning, and I would like the opportunity now of offering this.

Mr. EDMONDS. Why not just put the letter in?

Mr. SUTHERLAND. It is just a brief extract, and I want to call the attention of the committee to what it means.

Mr. CHINDBLOM. Let us have it, Mr. Chairman. Mr. Clark may have some observations to make on it.

Mr. SUTHERLAND. This letter was not solicited at all; it is from an old friend of mine in Alaska, a young man who served abroad during the war and came back and entered commercial business in Juneau, and in the course of a friendly letter written to me from Juneau he says this:

"Juneau is still in the same fix it always was in in regard to the fish market. They are paying as high as 21 cents in Prince Rupert, and the best that has been paid here is 9 cents, but in one way you can't blame the Juneau Cold Storage Co. Last week they bought a lot of fish expecting to ship them on the *Northwestern*"—

That is one of the American boats.

"* * * * as she was 'out west'; that is, she was out westward and was coming back to Juneau, and, as they say, 'out west.' Well, when she got here she didn't have any room and wouldn't take them, so Oliver (he is the cold-storage man there) had to unpack all the fish and load it into a big fisherman and send it to Prince Rupert to try and get his money out of them, otherwise they would have spoiled, so you can see what he is up against."

Now, that is the situation in Alaska that I tried to explain the other day. It exists right to-day the same as it did during the war period. This man had bought a large lot of fish from the small boats, supposing, of course, that the liner coming down was going to carry them to the United States; but when she arrived there was no room, and a Canadian boat comes in, probably five minutes afterwards, and stops at that same dock, and he is not able to ship on the Canadian boat, and in order to save his investment he had to load it on to this fishing boat and send it to Prince Rupert.

Mr. EDMONDS. How is it he could not ship to Prince Rupert on the Canadian boat?

Mr. CLARK. He is not prohibited now from shipping his fish to Prince Rupert, to the Canadian Fish & Cold Storage Co. or others located at that port.

Mr. SUTHERLAND. Yes; but at present 85 per cent of the fish that go to Prince Rupert come into the United States. There is no market for fish in Canada. Furthermore, there is a restriction on the sale of fish by the Canadian Government.

Mr. BANKHEAD. If he could get a bigger price for selling his fish up there, why did he object to that; did he think he could get more in the States?

Mr. SUTHERLAND. He was intending to ship those fish to the States by an American boat.

Mr. BANKHEAD. Would he have gotten more for them in the States than in Prince Rupert?

Mr. SUTHERLAND. He probably would have gotten about the same—21 cents. That is a pretty good price for fish up there. But the point is if this man's fish deteriorate, he is not going to get the best price for them.

Mr. CLARK. May I make an observation there?

Mr. SUTHERLAND. Let me finish for the record. I know I did interrupt you once or twice, but I would like to finish this. Now, you can understand that I have not based this so much on the rates as on the service. We do not get the service, and for the fisheries that service is required that is given by the Canadian boats. I have a little extract here from a Juneau paper which is just as brief as that I read from the letter.

Mr. CHINDBLOM. What paper?

Mr. SUTHERLAND. The Juneau Dail Capital of October 23. It reads: "A man might start across a desert with everything necessary to make his trip a comfortable one, except a sufficient quantity of fresh water to last him during the journey. It would make no difference how rich a country lay beyond to which he was en route, without water failure is certain and death probable.

"So it is with the development of Alaska. Without transportation across the waters separating us from the continental portion of the United States, the development of Alaska will be a failure and the depopulation of the country a certainty. Transportation from the States to Alaska is what water is to the wayfarer crossing the desert; without it, Alaska must die.

"It is idle to discuss any other reason as to why Alaska is 'advancing backward' until the question of transportation is settled, for as long as the Alaska Syndicate 'carries the canteen' only those whom it desires to survive will prosper in Alaska. It makes but little difference whether there are thirty or a thousand and thirty different bureaus governing Alaska, as long as the 'man with the canteen' refuses to quench their thirst they must be his slaves."

Now, that is a communication to one of the Juneau papers. The point is that we can not get the service from the people represented here; nor can we get reasonable rates.

Mr. CHINDBLOM. Is that an editorial in a Juneau paper?

Mr. SOUTHERLAND. That is a communication to a Juneau paper.

Mr. CHINDBLOM. Written by whom?

Mr. SUTHERLAND. It is signed "An Alaskan."

Mr. CLARK. Mr. Sutherland, I take issue with you and wish to make comment on the statement you have made as to service and rates.

Mr. SUTHERLAND. Just make it after I finish this. Now, the point I want to make is that we do not get the service and we do not get the rates; in other words, the Alaskan shipper is paying dividends to these transportation companies, but they demand that the rates shall be such that Alaska shall pay dividends. Well, now, Alaska is paying for the organization of these steamship companies. It is a relatively small territory to be served, their commerce is not large; but we have to pay those dividends to these people; we have to pay those dividends to these people; we have to pay for their organization in Seattle, where they have great mahogany-lined ticket offices on the street and occupy whole floors in business blocks in that city, paying high rents and maintaining an elaborate organization of that character that the people have to pay for, and I maintain that it is not fair. And we have to pay for their lobbyist here in Washington; that is charged to the shippers of Alaska. Mr. Clark is one of the most capable lobbyists here in Washington; he is a high-salaried man, and I will say to you that it requires one or more round trips of their boats to pay the salary that Mr. Clark gets. The same with Mr. Law——

Mr. LAW. Mr. Law is not a lobbyist.

Mr. SUTHERLAND. Whatever you call him; he is a man who receives a large salary. The shipper in Alaska has to pay for it. Now, as far as this bill goes, this objection is raised——

Mr. EDMONDS. If you did not bring these bills up, you would save money.

Mr. SUTHERLAND. Yes; but I think that it would be doing an injustice to the people of Alaska. Now, if the gentleman from the State of Maine (Mr. White) wants to shut Canadian boats out of Maine ports, all right; if the men from Massachusetts and the men from Boston want to shut these boats out of their ports, all right; if the men from Michigan want to shut their boats out from Michigan ports, all right. Alaska will never squeal. We are just as loyal as the men from the States, but we maintain it is an absolute injustice to our

one little section of the country that it shall be discriminated against to this extent and be punished.

Mr. EDMONDS. I understand from your statement that if we allow Alaska fish to go into Prince Rupert or any other Canadian port—you do not care anything about it if we shut the fish out from our borders so they can not ship them in here?

Mr. SUTHERLAND. Oh, we want to ship them in; yes.

Mr. EDMONDS. Then you will have your fish consumption right in Canada—have those 8,000,000 people to eat your fish—because we will keep them out of this country altogether.

Mr. SUTHERLAND. Why shut it off on our end and allow perfect freedom on your end?

Mr. EDMONDS. That is what your argument amounts to. You say if we want to shut them out in Pennsylvania to go ahead.

Mr. SUTHERLAND. But make it a general act, as it was intended when written in the House; that is all I am asking for.

The CHAIRMAN. Mr. White's bill has not been adopted by this committee yet, so you do not want to get up so much steam. We have granted him a hearing on it; we do not want to deny a member of the committee a hearing; but we have not adopted it.

Mr. SUTHERLAND. Exactly.

The CHAIRMAN. And we will never act on it if you talk forever on something that is not connected with it.

Mr. SUTHERLAND. I am just asking the gentlemen to have the merchant marine act apply to their States and Alaska will never grumble; there will never be a protest from that Territory on that.

ALASKA TRANSPORTATION ANALYZED OVER FIVE-YEAR PERIOD.

Mr. CLARK. Mr. Sutherland feels little if any restraint as to the character of his statements. If by the term "lobbyist" he means that for some years past I have endeavored to uncover and bring to the attention of those who might otherwise be imposed upon the foreign source of efforts such as now being made to break down American laws enacted for the protection of United States institutions, I would make no denial. I have endeavored to preserve the national interests.

Mr. Sutherland says the Territory is relatively small and the commerce is not large, and, in effect, that the service is inadequate and the rates high. The correct statement made by him is that "the commerce is not large." The shortest distance an American vessel must travel to serve Alaska is 600 miles, the longest is over 3,000 miles. So much for the relatively small Territory. I will insert at this point a statement showing the total business with the Territory carried by the American lines from 1916 to 1920, inclusive.

Passengers and freight carried between Puget Sound and all points in Alaska, including Nome and St. Michaels, by both Pacific Steamship Co. and Alaska Steamship Co., from 1916–1920, inclusive.

Year.	Inward.		Outward.		Total passengers and freight.	Total revenue.
	Passengers and freight.	Revenue.	Passengers and freight.	Revenue.		
1916.						
Passengers	12,219	$341,567.24	9,499	$289,775.31	21,718	$631,342.55
Freight (tons)	209,992	1,381,113.43	181,484	525,594.07	391,476	1,906,707.50
1917.						
Passengers	18,708	621,212.32	20,267	671,318.51	38,975	1,292,530.83
Freight (tons)	342,950.9	2,555,874.13	358,653.5	1,122,875.03	701,610.4	3,678,749.16
1918.						
Passengers	14,762	462,814.88	20,303	719,128.07	35,065	1,181,942.95
Freight (tons)	286,782.4	2,065,957.75	328.429.2	1,381,908.96	615,211.6	3,447,866.71
1919.						
Passengers	19,420	721,909.03	17,890	690,140.09	37,310	1,412,049.12
Freight (tons)	277,428.9	2,239,339.54	242,024.1	1,456,773.98	519,453	3,696,113.52
1920.						
Passengers	21,229	822,931.03	20,506	812,835.09	41,735	1,635,766.12
Freight (tons)	268,017.2	2,484,015.06	237,124.6	1,425,322.46	505,141.8	3,909,337.52
Totals:						
Passengers	86,338	2,970,434.50	88,465	3,183,197.07	174,803	6,153,631.57
Freight (tons)	1,385,177.4	10,726,299.91	1,347,715.4	5,912,474.50	2,732,892.8	16,638,774.41
Total business for 5 years		13,696,734.41		9,095,671.57		22,792,405.98
Average rate for 5 years:						
Per passenger		34.40		35.98		35.24
Per ton of freight		7.74		4.39		6.09

Number of round trips by steamers:	
Carrying freight	1,291
Carrying passengers also	965
Average freight and passengers per trip:	
North bound—	
Freight (tons)	1,073
Passengers	89
South bound—	
Freight (tons)	1,073
Passengers	89

NOTE.—Vessels used in Alaska trades covered by this statement are above 2,200 dead-weight tons average. It is apparent, therefore, that they averaged less than 50 per cent of their cargo capacity. This is due to the fact that Alaska business is very heavy northbound in spring and heavy southbound in the fall. In winter there is greatly reduced movement, necessitating tying up many vessels until the following spring. In summer vessels operate with light cargo. The 1,073 tons average means that vessels for the greater part operate with cargoes one way, either north or south, according to the season.

Mr. CLARK. The average freight rate collected, ascertained by dividing the gross revenue by the tons of cargo carried, is North $7.74 per ton, South $4.39 per ton, average $6.09 per ton. Passenger fares, ascertained in the same manner, show Northbound $34.40, South $35.99, average $35.24. The vessels averaged less than 50 per cent cargoes for the 5-year period. This covers all Alaska. Nowhere in the "wide, wide world" except to Alaska have vessels during that period moved over such distances with so small average cargo at such low average financial returns.

I also attach a statement for the nine months of 1921 ending October 1, as follows:

Passengers and freight carried between Puget Sound and all points in Alaska, including Nome and St. Michaels, by both Pacific Steamship Co. and Alaska Steamship Co. for first nine months of 1921.

[First nine months of 1921.]

	Inward.		Outward.		Total passengers and freight.	Total revenue.
	Passengers and freight.	Revenue.	Passengers and freight.	Revenue.		
Passengers	10,822	$480,516.24	8,940	$390,312.48	19,762	$870,828.72
Freight	114,716.1	1,179,560.46	118,122.1	678,028.61	232,838.2	1,857,589.07
Total		1,660,076.70		1,068,341.09		2,728,417.79

Average rate.	North.	South.	Average.
Per passenger	$44.40	$43.66	$44.03
Per ton of freight	10.27	6.00	7.55

Number of round trips by steamers:
Carrying freight 112
Carrying passengers a'so 101
Average freight and passengers per trip:
Northbound—
Freight ..... tons.. 948
Passengers 107
Southbound—
Freight ..... tons.. 976.25
Passengers 88.5

NOTE.—Vessels used in Alaskan trades, as elsewhere shown, are above 2,200 dead-weight tons average capacity. It would be apparent, therefore, that they carried an average of freight less than 40 per cent of their capacity. This, of course, as in five-year averages, is resultant from t' e seasonal character of the freights handled, viz., commodities being northbound in the spring and southbound in the fall, with little summer movement. No account is taken in this statement of ships tied up during winter months. The greater passenger business northbound than southbound is accounted for by laborers carried north for work on Alaska railroad whose return to the States was delayed beyond September, 1921.

Mr. CLARK. This, as in the first statement, covers all Alaska. Freight rate averages north are $10.27 per ton, south $6 per ton, average $7.55 per ton. Ships were used on average to but 40 per cent of their capacity.

To make the showing complete I will include a 5-year statement of the quantities carried and revenues obtained by the American vessels serving Seward and Anchorage in southwestern Alaska, as follows:

Racapitulation of all passengers and freight carried between Anchorage (also Seward), Alaska, and Puget Sound, United States of America, by Pacific Steamship Co. and Alaska Steamship Co. during years 1916 to 1920, both inclusive.

Year.	Inward (north).		Outward (south).		Total.	
	Passengers and freight.	Revenue.	Passengers and freight.	Revenue.	Passengers and freight.	Revenue.
1916:						
First-class passengers	1,744	$88,394.45	1,427	$70,189.75	3,171	$158,584.20
Third-class passengers	873	30,799.65	366	11,848.00	1,239	42,647.65
Government freight	7,610	84,658.08	79	759.58	7,689	85,417.66
Commercial freight	8,679	113,945.08	420.6	3,350.57	9,099.6	117,295.65
1917:						
First-class passsengers	2,462	128,027.25	2,764	141,366.50	5,226	269,393.75
Third-class passengers	1,718	59,862.30	1,007	34,813.50	2,725	94,675.80
Government freight	11,840	110,681.66	1,127.1	9,964.87	12,967.1	120,646.53
Commercial freight	28,616.4	352,189.15	792.1	6,417.49	39,408.5	358,606.64

Recapitulation of all passengers and freight carried between Anchorage (also Seward), Alaska, and Puget Sound, etc.—Continued.

Year.	Inward (north).		Outward (south).		Total.	
	Passengers and freight.	Revenue.	Passengers and freight.	Revenue.	Passengers and freight.	Revenue.
1918:						
First-class passengers	1,044	$54,668.00	2,668	$141,456.34	3,712	$196,124.34
Third-class passengers	131	4,236.00	813	28,726.00	944	32,962.00
Government freight	12,154.9	122,845.70	156.7	1,365.59	12,311.6	124,211.29
Commercial freight	8,839.2	103,754.58	5,217.9	38,907.66	14,057.1	142,662.24
1919:						
First-class passengers	1,381	88,845.95	1,509	94,184.75	2,890	183,030.70
Third-class passengers	250	9,466.60	299	11,518.30	549	20,984.90
Government freight	3,723.1	40,850.59	374.9	4,029.14	4,098	44,879.73
Commercial freight	7,267.5	95,396.43	1,688	21,837.05	8,935.5	117,233.48
1920:						
First-class passengers	1,709	112,798.91	2,055	117,725.49	3,764	230,524.40
Third-class passengers	1,488	46,048.65	837	29,389.75	2,325	75,438.40
Government freight	23,177	283,145.67	347.3	4,342.17	23,524.3	287,487.84
Commercial freight	14,819.5	199,880.73	3,808	45,139.77	18,627.5	245,020.50
First-class passengers	8,340	472,734.56	10,423	564,922.83	18,763	1,037,657.39
Third-class passengers	4,460	150,413.20	3,322	116,295.55	7,782	266,708.75
Total	12,800	623,147.76	13,745	681,218.38	26,545	1,304,366.14
Government freight	58,505	642,181.70	2,085	20,461.35	60,590	662,643.05
Commercial freight	68,221.6	865,165.97	11,906.6	115,652.54	90,128.2	980,818.51
Total	126,726.6	1,507,347.67	13,991.6	136,113.89	150,718.2	1,643,461.56
Grand total		2,130,495.43		817,332.30		2,947,827.70

To handle the Seward-Anchorage business to the satisfaction of the Alaska Railway Commission and of the merchants and other shippers in those two cities of Alaska required frequency of sailings. The two companies referred to jointly afforded 413 northbound calls and 420 southbound calls at Seward and at Anchorage, which could not be reached in the winter months account ice in Cook Inlet; vessels of the companies made, during the period mentioned, 308 calls. The increased southbound calls at Seward as compared to northbound calls resulted from calling at Seward vessels southbound from Nome and St. Michaels. It is a matter of mathematical calculation to determine that the vessels of the two companies calling at Seward with and for freight and passengers averaged one vessel every four and one half days over the 5-year period. This does not mean that vessels actually called four and a half days apart throughout the year. During the winter calls were of necessity and by reason of lack of business offering more widely separated each from the other, and in the summer, and particularly in the early spring and the late fall, there was greater frequency of calls by such vessels than indicated by the 5-year average.

Average earnings per trip.

The average earnings grossel by the commercial companies from Seward-Anchorage business for the 5-year period is as follows:

All freight and passenger revenues:
Average earnings per steamer north $5,158.38
Average earnings per steamer south 1,946.03
As above with freight for railroad construction eliminated:
Average earnings per steamer north 3,603.66
Average earnings per steamer south 1,897.31

Average number of passengers and tons of cargo per trip.

All freight and passengers carried, quantities:

Average per steamer north—		
Passengers		31
Freight	tons	306.8
Average per steamer south—		
Passengers		32
Freight	tons	33.3

If we were to eliminate the Government freight, which must be taken into consideration in determining future traffic available, our freight record would then show as follows:

Average per steamer north	tons	165.2
Average per steamer south	do	28.4

The average freight rate to Seward-Anchorage for the five years (Seward is 1,743 miles from Seattle) was north $11.89 per ton, south $9.73 per ton, average $10.90. The passenger fares averaged $48.68 north, $49.56 south, and $49.14 for the average. This means 2.8 cents per passenger per mile and 6.3 mills per mile per ton of freight.

The Alaska passenger and freight rates of the American carriers in Alaska are to-day lower per passenger carried 1 mile and per ton of freight carried 1 mile than any upon the Pacific, and much lower than charged by the Canadian carriers in the exclusive coastwise trades of British Columbia.

If the actuating motive back of this measure were merely objection to alleged high rates and insufficiency of service, the matter would have been cared for by petitions to United States tribunals having charge over rates and practices of American carriers; but the real objective is to break down, in the British interest, the protective laws of the United States.

PROTESTS AGAINST PROTECTION FOR UNITED STATES COASTWISE TRAFFIC.

If the committee will inquire it will ascertain that during the consideration of the merchant marine act by the Senate, the provisions of section 27, then numbered section 29, were made the subject of protest by the British amabassador through the State Department. The interpretation contrary to the national interest of then existing statute had been made at the solicitation of British interests, and naturally the diplomatic agencies of Great Britain were invoked in protest against reinstatement of American protection.

Mr. Sutherland did not remain at the hearing the other day while I made for the record the statement that his bill, if enacted, would not accomplish what he thinks it will and that it would not permit the indiscriminate carrying of merchandise to Alaska in Canadian vessels.

Mr. SUTHERLAND. It will accomplish just this: It will let the people of Alaska believe they are on an equality with the rest of the people of the United States—which is something they have a right to demand of Congress at any time.

Mr. HARDY. Would not the purpose of Mr. Sutherland's bill be better accomplished by simply striking out two words of the law as it now exists, so that it would remove any discrimination? Take line 10 there and just say "transported between points within the continental United States," and strike out "excluding Alaska."

Mr. CLARK. That is what he wants to accomplish. If that were to accomplish what he desires then your coastwise law would be worthless.

Mr. HARDY. If you strike out "excluding Alaska," then it will include Alaska. There is no use in those words, is there, and, for his purpose, if you will do away with the words "excluding Alaska" you will do away with the discrimination.

Mr. CLARK. Not for his purpose?

Mr. HARDY. In the present law?

Mr. CHINDBLOM. What difference does it make whether you do it one way or the other?

Mr. HARDY. It seems to me we have it all muddled, and the whole thing this gentleman is opposing in the discrimination against Alaska.

Mr. CLARK. I wrote into this hearing the other day that, as a matter of fact, the Interstate Commerce Commission has no authority to approve a through rate or a through route into Alaska.

Mr. HARDY. That would not be affected by striking out this "excluding Alaska."

Mr. CLARK. Then they would still be unable to handle United States fish or other merchandise in Canadian vessels, because they can only handle such business on through routes recognized and rates approved by the commission. What Mr. Sutherland wants is that his Canadian ships may handle the Alaskan trade.

Mr. HARDY. This bill will only affect the words "excluding Alaska."

The CHAIRMAN. These bills will all be considered before they are reported, but we can not decide that here.

Mr. HARDY. I just asked the witness if it would not accomplish the same purpose.

Mr. SUTHERLAND. That is the whole point of the bill; there is nothing to it except "excluding Alaska."

Mr .CLARK. You are wrong. The bill, as it is drawn and as you would have section 27 amended still would not permit Canadian ships to carry American merchandise to any point of the United States, unless it be over a through route recognized by and at rates filed with the Interstate Commerce Commission; and the commission's authority to-day and since February, 1920, ends at the border of the United States and they can not approve of the through rate and through route.

Mr. SUTHERLAND. It would place Alaska on the same plane with the rest of the United States.

Mr. CLARK. No. They are now placed on the same plane, except where heretofore there has been a through rail water route and through rate established and recognized by the commission. You should know that there have been no through rates to Alaska.

Mr. SUTHERLAND. Nevertheless, Alaska would be part of continental United States and enjoy all the privileges of the United States.

Mr. CLARK. But there is no privilege available under that provision.

Mr. SUTHERLAND. As it stands.

Mr. CLARK. No; nor if it is modified as you would have it modified. To permit the carriage of merchandise in these foreign ships requires that the Interstate Commerce Commission shall recognize a through route and have filed it with through rates, and the commission has not heretofore recognized such routes, and may not hereafter.

Mr. SUTHERLAND. Just the same as they do in the States.

Mr. CLARK. And their authority is limited so that they may not hereafter.

Mr. SUTHERLAND. Just the same as it is in the States.

Mr. CLARK. And the authority to use Canadian vessels is so limited by this act.

Mr. SUTHERLAND. I want the laws to apply just the same in Alaska as they do in the United States.

Mr. CLARK. You have it.

Mr. SUTHERLAND. Not in this bill.

INTERSTATE COMMERCE COMMISSION MAY NOT APPROVE EXTRATERRITORIAL ROUTES OR RATES.

Mr. CLARK. If you will put the proviso to section 27 of the merchant marine act up for interpretation by the Interstate Commerce Commission, you will find that if the proviso is changed as you desire the commission still has no jurisdiction to approve a through rate and recognize through rail-water route to Alaska through a foreign territory. The Interstate Commerce Commission was restricted by Congress in February, 1920, from exercising jurisdiction beyond the borders of the United States. It would require that they must recognize a through route and accept filing of a through rate before you could carry fish in Canadian vessels, and that they may not do.

Mr. SUTHERLAND. All right; let them approve or disapprove it; that is not the point in this bill at all.

Mr. CLARK. I am going to ask you a question or two further in connection with your statement that you can not get low rates. I believe you appeared before the Shipping Board, alleging an unfair pulp rate to a place called Snettisham, near Juneau?

Mr. SUTHERLAND. Yes; and proved it.

Mr. CLARK. You alleged also there was a discrimination against an American port and American shippers in favor of the British port and British shippers?

Mr. SUTHERLAND. Yes.

Mr. CLARK. That is a matter of record?

Mr. SUTHERLAND. Yes; I guess so.

Mr. CLARK. It was demonstrated at that hearing that the rate per ton per mile, or the rate which you were protesting, was less than half the rate per ton per mile of the rate charged shippers from the British port.

Mr. SUTHERLAND. Yes; and if the committee will give me the time and permit you to do some figuring I will demonstrate that is not a fact, and it was demonstrated to the Shipping Board that such a thing was not the fact.

Mr. CLARK. I will submit to the committee statements and figures that were placed before the Shipping Board under oath and also the Shipping Board's findings that the statement by Mr. Sutherland was not substantiated as he made them in regard to the American carriers.

Mr. SUTHERLAND. The fact is they were substantiated in the figures and in the record before the Shipping Board, and you will see they were.

Mr. CLARK. Perhaps if you read only the charges made by the people who were interested on your side of the case——

Mr. SUTHERLAND. Oh, no; read my statement. Mr. Clark started to show by figures that the rates were arranged proportionately as to distance, and when I asked him to figure on certain rates in Alaska he did not know what they were.

Mr. EDMONDS. Let Mr. Clark put that in the record and let us go on with the hearing and do not bring up these side subjects.

(Mr. Clark inserts in the record at this point the following extract from hearings before United States Shipping Board, May 6, 1921:)

"Mr. CLARK. I should like to put this into the record: Comparison of pulp rates, rate on pulp, Ocean Falls to Seattle, 416 nautical miles, per ton weight, $5.90.

"Mr. SUTHERLAND. What is the rate on paper print?

"Mr. CLARK. I have no rate on paper. That is not under consideration here, and I have not the paper rate at the present time; but the paper rate from San Francisco that we made——

"Mr. SUTHERLAND. They are two commodities going to the same place.

"Mr. CLARK. We are discussing pulp. The rate is $5.90 for a distance of 416 nautical miles, making a rate per ton per mile of 1.47 cents. Rate on pulp from Speel River to Seattle, 872 nautical miles, per ton weight, at $10.

"Ten dollars for a distance of 872 nautical miles is a rate per ton per mile of 1.09 cents. The Speel River rate, that was made originally at $10, was for 872 miles, making a rate per ton per mile of 1.09 cents, as I said. The lower rate that was made at $5, and that rate was based on misrepresentation as to relative weight and measurement of the pulp—for 872 miles represents a rate per ton per mile of 0.54 cents.

"The rate on pulp from Speel River to Seattle, 872 nautical miles, per ton weight at $7.25, which on the actual weight of the pulp, is what the rate ought to be, is 0.83 cents per ton per mile, and yet it is proposed to put into this record that there is discrimination against the pulp industry of Alaska by these steamship companies in favor of pulp companies in Canada.

"Mr. SUTHERLAND. There is no such charge in the record at all.

"Mr. LAW. There certainly is. You say there is a $4 rate on Ocean Falls, when we charge $10 on the other.

"Mr. SUTHERLAND. You maintain that you are carrying it from Juneau cheaper than Ocean Falls?

"Mr. CLARK. We maintain that the rate from Juneau is cheaper than from Ocean Falls per ton per mile, the only way to figure steamship freight rates. You may try to compare the rate to Ocean Falls with the rate to Russia through the Suez Canal from Alaska.

"Mr. SUTHERLAND. Just take the Alaska coast.

"Mr. CLARK. Alaska coast, and the only way to figure any kind of a rate is a rate per ton per mile, and these rates are cheaper per ton per mile than from British Columbia.

"Mr. SUTHERLAND. What is the rate per ton per mile, we will say, from Speel River?

"Mr. CLARK. From Speel River at the $10 rate of 1.09 cents per ton per mile, and at the rate of $5 it is only 0.54 of a cent per ton per mile.

"Mr. SUTHERLAND. Figure out the rate from Latouche to Seattle.

"Mr. CLARK. I have not the mileage for Latouche.

"Mr. SUTHERLAND. Why do you make but one statement of mileage?

"Mr. CLARK. Because we are discussing only those things which are included in the charges.

"Mr. SUTHERLAND. The fact is that you have given those mileage rates and figures, and you get less than half the amount for carrying more than twice the distance and you can not find the rates because you can not make comparisons. Go to Latouche and find those rates.

"The CHAIRMAN. You are all getting away from the question, that you could not find those from Juneau and Speel River. Now, I do not want any digression, if you please. I want to know why the conditions are as they are on pulp from Speel River to Seattle."

It may be pointed out for the benefit of the committee that it had been charged, as stated, that the Pacific Steamship Co. has discriminated against Alaska, particularly against a pulp mill at Snettisham on Speel River, near Juneau, in favor of a pulp and paper mill at Ocean Falls, British Columbia. These charges were of a character with other methods employed to attack American transportation companies for the purpose of justifying the introduction of foreign vessels in our coasting trade. I am satisfied that the committee will concur in the belief that we have supported our statement made in this record by facts earlier offered to the Shipping Board. The report of the findings of the United States Shipping Board in the complaint by Representative Sutherland of the rates on wood pulp is also here inserted for the further information of the committee.

RATES ON WOOD PULP FROM PORT SNETTISHAM, ALASKA, TO SEATTLE, WASH.

Under dates of April 7 and 14, 1921, respectively, Hon. James Wickersham and Delegate Dan A. Sutherland, of Alaska, transmitted to the Shipping Board communications complaining of certain quoted rates of the Alaska Steamship Co. and the Pacific Steamship Co. on wood pulp from Port Snettisham, Alaska, to Seattle, Wash., as unreasonable and unduly discriminatory, and charging a conspiracy on the part of those carriers to foster a monopoly in the manufacture of wood pulp in Alaska.

A conference in the premises was held at the office of the board in Washington, on May 6, 1921, and from the record thereof it appears that three rates were quoted by the carriers to the Alaska Pulp & Paper Co. at different periods; namely, $9 per ton, weight or measurement, $10 per weight ton, and $5 per weight ton. Pulp is not now produced at any point in Alaska other than Port Snettisham, and no shipments of other commodities move from that port. Rates on commodities from and to various points of origin and destination were offered for comparison with those assailed, as follows:

	Per ton.
General merchandise, Juneau to Seattle	$9.00
Fresh fish, Juneau to Seattle	9.00
Canned salmon, Juneau to Seattle	7.50
Ore, Latouche to Tacoma	4.00
Ore, Cook Inlet to Puget Sound points	4.50
Concentrates, Juneau to Tacoma	4.00
Pulp, Ocean Falls, B. C., to Seattle	5.90

The pulp industry in Alaska is in its infancy, no shipments ever having been transported southbound by either of the carriers concerned prior to the time of this controversy. It is stated that much difficulty has been experienced in determining a basis upon which to construct rates on pulp-wood traffic. In explanation of the rates of $9, $10, and $5 quoted to the Alaskan Pulp & Paper Co., evidence was introduced indicating that the rate of $9 per ton was the rate on general merchandise, n. o. s., and was quoted by the Alaska Steamship Co. in the absence of information regarding the weight and measurement of the packages of wood pulp produced by the complainant's mill. Later, upon receiving indirect information as to weight and measurement of pulp produced in other localities, both the Alaska Steamship Co. and the Pacific Steamship Co. quoted a rate of $10 per weight ton, this rate being computed on the basis of the ratio of one weight ton to one and one-half measurement tons. While there is some evidence in the record to the contrary, the weight of the evidence is that upon receiving information directly from the Alaska Pulp & Paper Co. that its packags would measure approximately 26 cubic feet per 2,000 pounds, the carriers quoted a rate of $5 per weight ton. Evidence was introduced on

behalf of the Pacific Steamship Co. to the effect that the rates of $10 and $5 quoted were also based upon the rate of $7.50 per ton, applicable on canned salmon, which is the principal southbound commodity handled by that carrier. Canned salmon averages 40 cubic feet to the ton of 2,000 pounds, and is generally used by that company as a basis in constructing rates. The southbound movement of salmon via this carrier's vessels amounts to approximately 50,000 tons annually.

Comparing the rates quoted on wood pulp with the rates applicable on the other commodities mentioned in the above table, and according full weight to the facts brought out at the conference, it can not be stated that a rate of $5 per weight ton for the transportation of wood pulp from Port Snettisham to Seattle is unreasonable.

The only allegation of undue discrimination is directed against the Pacific Steamship Co. and charges that carrier with having transported manufactured pulp and newsprint paper from Ocean Falls, British Columbia, to Seattle, Wash., for $4 per ton, which rate is considerably under the lowest rate quoted for the carriage of wood pulp from Port Snettisham. This charge the Pacific Steamship Co. categorically denies and states that it is handling pulp at the present time from Ocean Falls to Seattle at a contract rate of $5.90 per ton of 2,000 pounds. The distance from the Ocean Falls plant to Seattle is 416 nautical miles, while from Port Snettisham the distance is 872 nautical miles. The fact that the distance from Port Snettisham to Seattle is more than twice the distance from Ocean Falls to Seattle negatives the allegation that the rate of $5 per ton is unduly discriminatory.

It is asserted that the carriers had induced insurance underwriters to refuse permission to the barge *Libby Maine*, operated by Libbey McNeil & Libbey, to call at the wharf of the Alaska Pulp & Paper Co. to lift complainant's product; and that the carriers were influenced by financial interests which plan to establish a rival pulp mill in Alaska, thereby conspiring to prevent the operation of the plant of the Alaska Pulp & Paper Co. and fostering a monopoly. While these assertions may not be germane to the issue as to whether or not the quoted pulp rates are unreasonable, we have, nevertheless, made a thorough examination of the evidence of record on these points but have failed to discover any facts supporting or establishing the allegations.

CONCLUSIONS.

A careful review of the record of the conference impels the conclusion that the instant difficulties have resulted in large measure from misunderstandings between the shipper and the carriers, which is primarily attributable to failure of the parties to have had the benefit of close communication. That this is the case is illustrated by the correspondence exchanged and by the fact that immediately upon obtaining from the pulp company definite information as to weight and measurements, the steamship companies reduced their rate 50 per cent. However, the carriers probably have not given due consideration to the fact that pulp manufacturing is a new industry in Alaska, and that its development will ultimately inure to the benefit of all parties concerned.

Bearing this in mind, in conjunction with the fact that by reason of the absence of any movement of pulp from Alaska in the past, full information of the transportation peculiarities and costs are not available, it is recommended that the rate of $5 per ton of 2,000 pounds on packages which weigh not less than 300 pounds and bulk not more than 3.88 cubic feet be given a trial, with the understanding that if after such trial for a reasonable time that rate shall prove to be excessive or unduly low it will be readjusted.

The facts developed at the conference plainly indicate the need of well-directed cooperation between the parties in interest, and it is recommended that in the future they endeavor to adjust their transportation difficulties through the medium of friendly cooperation, thus obviating further misunderstandings.

It is understood, of course, that the action of the board in the present case in no way forecloses such further consideration of Alaskan rates as may be found expedient."

Mr. CLARK. Just a word about the alleged refusal of the carriers to take fish from Juneau. Every shipper in Alaska knows that it is necessary to inform the carrier what fish they will have for shipment. When so informed the carrier passes up some freight like canned salmon, ore, or other shipment from some other point and takes care of perishable freight, such as fish. The statement here made by which Mr. Sutherland would lead this committee to believe

that the American transportation companies in Alaska would willfully refuse to carry this business does not convey the facts.

It is a rule of both the American companies religiously adhered to to make reservations in the lower hold of vessels of space for all fresh-fish shipments for which the shippers have made request for reservation to the company's agents. These space reservations are made by wireless with the captain of the vessel before her departure from the last preceding port. The companies go further than this, and, even where reservation of space has not been made, have at times unloaded on the dock at Juneau and elsewhere, other nonperishable freight in order to carry freight for which no reservation of space had been asked.

At times shippers who had made no space resevation were unwilling to accept the space which could be released by unloading other cargo as not being satisfactory for the handling of ice fish, and have desired that their fish should be loaded in space which had been reserved on request for shippers at another port. On being denied shipment in space reserved for another port, such incident has been made use of by propagandists acting on behalf of Canadian vessels as the basis of charging discrimination, and other practices equally reprehensible on the part of the American steamship companies.

If Mr. Sutherland's correspondent were a bona fide fish shipper and had gone to the agent of either of the two American companies in Alaska and said, "We will have this amount of fresh fish; will you reserve space for it?" there is no doubt the company would have reserved the space. That subject has been thrashed out by the Bureau of Fisheries and by the Shipping Board, the Government-controlling body which requires proper transportation facilities. After findings by the Bureau of Fisheries or Shipping Board, determining the facts, propagandists have continued to report stories refuted by such findings. The statements are incorrect as made, and ought not to be placed before the committee except with the qualifying surrounding circumstances. When a railroad car is full and nothing more can be gotten into it, the railroad company might, with equal propriety, be accused of refusing to carry freight because some shipper wanted to put his freight into that particular car, and was unable to do so.

AMERICAN ROUTE TIME SAVER OVER CANADIAN PACIFIC.

It has been repeatedly stated by Delegate Sutherland during the hearings that a great saving of time would result from using the Canadian Pacific Railway for fish shipments, and that on shipments via the Grand Trunk Pacific there is a saving in time of three days. In other words, that from Ketchikan to the eastern United States markets via Seattle required as much as three days longer time than via Canadian railways. Such statement is so far from the fact that it should not be permitted to go unchallenged. I have therefore taken the pains to verify the passenger and freight train schedules of the Canadian and American railways and the steamer time of the steamship companies and present the results for the benefit of the committee, as follows:

The only Canadian steamship company operating to Alaska at the present time is that owned by the Canadian Pacific Co. This company makes a connection between Alaska and Prince Rupert, the terminus of the Grand Trunk Pacific, and Vancouver, the terminus of the Canadian Pacific Railway. I will insert at this point the southbound schedule of steamer sailings from Ketchikan via Prince Rupert to Vancouver, as advertised by the Canadian Pacific Co. in its folder A, issued December 1, 1921.

"Princess Mary."

Southbound.	Dec.	Jan.	Jan.	Feb.	Feb.	Mar.	Mar.	Mar.	Apr.
Leave—									
Skagway, 7 p.m.	14	4	18	1	15	1	12	22	2
Juneau	15	5	19	2	16	2	13	23	3
Wrangel	16	6	20	3	17	3	14	24	4
Ketchikan, Alaska	16	6	20	3	17	3	14	24	4
Prince Rupert, British Columbia	17	7	21	4	18	4	15	25	5
Alert Bay	18	8	22	5	19	5	16	26	6
Vancouver	19	9	23	6	20	6	17	27	7
Arrive—									
Victoria	19	9	23	6	20	6	17	27	7
Seattle	19	9	23	6	20	6	17	27	7

It will be noted that the Canadian sailings are two weeks apart (in summer they are 7 days apart) and that vessels are scheduled three days from Ketchikan to Vancouver, 1 day from Ketchikan to Prince Rupert. As a matter of fact, these steamers leave Ketchikan the evening of, say, December 16, and arrive at Prince Rupert early the following morning. They leave Prince Rupert late in the afternoon of the same day so that there is considerable dead time at that point. The running time from Prince Rupert to Vancouver, via way ports, is about 41½ hours, or, including dead time at Prince Rupert, about 58 hours from Ketchikan. These vessels could make the run to Vancouver in about 48 hours, via Prince Rupert, if the dead time was eliminated. The fast time by American vessel from Ketchikan to Seattle is 47 hours, the time of the slower freighters is 56 hours. Fish, however, moves on the faster passenger steamers.

In recapitulation we have an actual steamer time from Ketchikan of 8 hours to Prince Rupert; 58 hours to Vancouver, and 47 hours to Seattle, as vessels are now operated, summer or winter. Fresh iced fish moves on passenger trains by refrigerator express. Frozen fish moves in freight trains in ordinary refrigerator cars. We will show, therefore, both freight and passenger time.

Considered in connection with passenger-train service from those points we have the following result:

Express service by passenger trains.

From—	To Chicago.	Steamer time from Ketchikan as scheduled.	Ketchikan to Chicago.
Prince Rupert	3 days, 9 hours, 45 minutes.	8 hours	3 days, 17 hours, 45 minutes; via Grand Trunk, 3 trains weekly.
Vancouver	3 days, 13 hours	56 hours	4 days, 21 hours; via Canadian Pacific, 2 trains daily.
Seattle	3 days, 2 hours	47 hours	4 days, 1 hour; via Seattle, choice of 8 trains daily.

If we were to assume the Canadian Pacific Railway may eventually run a direct steamer to Vancouver, cutting out the "dead time" at Prince Rupert, which is improbable, it would cut off eight hours of the schedule via Vancouver.

It will be noted that the time via Seattle is but 7 hours 15 minutes over that via Prince Rupert and 20 hours less than via Vancouver as steamers are now scheduled, and would be 12 hours less than Vancouver on steamers' schedule, which would eliminate the "dead time" at Prince Rupert.

So far as passenger-train time is concerned, this disposes of the claim of saving in time via Canadian Pacific Railway and of the 3 days' saving via Prince Rupert, Instead of 3 days, the saving in time is but 7 hours 15 minutes. Furthermore, Canadian service is only available via the Canadian steamer lines once every two weeks in winter and once weekly in summer, and over the Grand Trunk Pacific via Prince Rupert, over which route the saving is computed, but three times weekly, viz: Mondays, Wednesdays, and Saturdays.

Fast freight service via Prince Rupert, Vancouver, also Seattle.

From—	To Chicago.	Time from Ketchikan, as scheduled.	Ketchikan to Chicago.
Prince Rupert	8 days 16 hours	8 hours	9 days, via Grand Trunk; 3 trains weekly.
Vancouver	9 days 3 hours	56 hours	11 days 11 hours; via Vancouver daily.
Seattle	7 days 23 hours	47 hours	9 days 22 hours; via Seattle daily via competing railroads.

Freight schedules include "dead time" all lines at St. Paul to make through train time, but does not include "dead time" at Pacific terminals before delivery to rail lines.

As in the case of passenger comparison, elimination by Canadian Pacific of "dead time" at Prince Rupert would shorten the steamer time, and the through time via Vancouver by 8 hours.

It will be noted that the fast-freight schedule via Seattle is but 22 hours longer than via Prince Rupert. Vancouver service requires a day and 14 hours more time than via Seattle.

The passenger-train information is taken from current folders of the lines. The freight-train schedules are from the current running schedules of the roads over which the frozen fish moves to Chicago.

The maximum of service received by Alaskans from the Canadian Co. via Canadian ports is a steamer every seven days in summer and every two weeks in winter. The American companies have afforded in the 9 months ended September 30 last 112 sailings, or a sailing on average every two and one-half days.

The statement by Delegate Sutherland to the committee that the Canadian lines will afford a better service and a very great saving of time is therefore manifestly incorrect. It is evident that he has been sadly misinformed as to conditions.

I will not take the time to further comment on the statements by Mr. Sutherland except to say that it is a practice of the representatives of foreign interests in Alaska to sign with a pseudonym communications such as has been read by him so that the identity of the writer shall remain in mystery. By so doing his further usefulness to alien interests is not impaired through revelation of his connection.

I would like now to discontinue the discussion as applying to Alaska, if I may, and give to this committee some of the underlying motives back of Canadian orders in council, and of orders of the Canadian customs, and of other foreign efforts in attack upon the American merchant marine, which should make it necessary for this committee to give unusual American consideration to merchant marine legislation; that is, of course, assuming we want and need an American merchant marine.

Mr. SUTHERLAND. Just let me ask one question now: Do you approve of extending the merchant marine act to the States and lake ports and Massachusetts and Oregon and Washington?

Mr. CLARK. Do I approve of it? I never approved of anything else but that.

Mr. SUTHERLAND. Then, why don't you urge the committee to do it?

Mr. CLARK. Before I finish, I will ask this committee to wipe that proviso out of the bill and enact new legislation such as will leave section 27 with no proviso except that one which is temporarily necessary to protect a carrier on the Yukon, organized under the laws of the United States and owned in London, which eliminated its competitor, and American-owned carrier, and is now operating the only river transportation available.

Mr. SUTHERLAND. Do you think the discrimination against Alaska is unfair?

Mr. CLARK. I do not think it is a discrimination against Alaska. If you will accept the proper interpretation of the law in connection with the interstate commerce act. There were those of us who did not oppose that proviso because we were familiar with the limitation of the authority of Interstate Commerce Commission——

Mr. SUTHERLAND. I read from that letter the interpretation of the law.

Mr. CLARK (continuing). And we knew that in the application of the interstate commerce act, and under its proper interpretation, this wholesale carriage contemplated by Canadian carriers between points within the continental United States via Canada was not permissible, as such carriage would require the commission to approve that which it had no authority to approve. You will find that these foreign carriers can not indiscriminately carry merchandise in the foreign ships between points in the continental United States, outside of Alaska, except where heretofore they have had a filed rate and one approved through route. There are few such routes except car ferries on the Great Lakes.

Mr. SUTHERLAND. If that is the case, why do you have the clause in the bill "excluding Alaska?"

Mr. CLARK. For my part I want to wipe the proviso out entirely.

Mr. SUTHERLAND. As applying to Alaska.

Mr. CLARK. I want to urge upon this committee the enactment of legislation that will be as wholly protective of American shipping, American owned, in all of the carriage, merchandise and passengers, in the coastwise trade as our laws were for 100 years until foreign efforts, masked in the guise of representing alleged American necessities, deceived Congress into changing them.

Mr. CHINDBLOM. When was that change made?

FOREIGN ATTACK UPON LAWS REQUIRING CITIZEN OWNERSHIP OF UNITED STATES VESSELS.

Mr. CLARK. The first interpretation seeking to nullify the requirement for American-citizen ownership was made March 4, 1882, by the Secretary of the Treasury. The changes in the law have covered a period of years, beginning in 1896 and continuing to the present time. It would be interesting if the members of the committee should look over the files of earlier legislation to ascertain who appeared and note where such persons stand to-day on the subject of our national shipping legislation. Men have appeared before this committee and before committees of the Senate alleging themselves to be representatives of American interests whose private views and whose private effort is and has been that of procuring legislation which will permit American-flag vessels to be owned by aliens living in their native land. They have been very successful. When men of American citizenship conduct a nationwide propaganda against legislation which aimed to require American ships in the coastwise trades to be owned by bona fide citizens of the United States, it is time to ascertain who such men are and their underlying motive.

Two very good friends of mine, good average Americans, were so influenced by the adroitness of such propaganda that they felt that perhaps we ought not to be insistent upon the American ownership of our ships. From time immemorial there has been a constant din by foreign interests upon the ears of Congress against the impossibility of getting American investment in American ships. You must go abroad and get your money in Great Britain or Germany, was their plea. Money for what? Money to control our ships, vital to the economic life of the American people.

Mr. EDMONDS. Were you speaking of the original shipping bill then?

Mr. CLARK. I am speaking of legislation generally of a character to let down the requirement of American ownership of American ships. Originally our laws required exclusive ownership by citizens so far as an individual is concerned. Changes by interpretation and otherwise have taken place so that if Mr. Chindblom and I owned jointly an American ship under the American flag, and I sell a tenth of my share in that ship to a British citizen or to a German, the ship is subject to seizure by the United States Government. But if we organized a corporation under a State law we may have only foreign stockholders and our corporation is still a citizen and can own and document the ship as a vessel of the United States.

Mr. EDMONDS. Is it not required that 51 per cent shall be American ownership in the overseas and 75 per cent in the coastwise?

Mr. CLARK. The coastwise protection applies to-day in part, but you 51 per cent for overseas shipping is not worth the paper on which it is printed because it does not tie to documentation of vessels. Foreign owners can camouflage a corporation as an American-flag corporation. You do not always require citizens of the country to organize such a corporation.

Mr. EDMONDS. I should think that 51 per cent ownership would still apply.

Mr. CLARK. The 51 per cent ownership may be held by a corporation organized under the laws of California, where every stockholder could be a foreigner and no citizens are required for organization purposes. Laws with regard to registration provide in general that vessels may be registered as vessels of the United States by persons citizens of the United States, or by a corporation organized under the laws of the United States or those of any of its States or Territories.

Mr. EDMONDS. But even at that, 51 per cent of the stockholders must be Americans.

Mr. CLARK. If you will pursue that closely, Mr. Edmonds, you will find that the citizenship requirements of either the 1916 or the 1920 act do not tie to ownership or documentation of the vessels in foreign trade. We have simply defined the term "citizen," but have not made it applicable to ownerships of American vessels engaged in foreign trade.

Mr. BLAND. You mean the citizenship of the corporation determines?

Mr. CLARK. The citizenship of the corporation determines.

Mr. CHINDBLOM. And not the citizenship of the stockholders.

Mr. CLARK. And not the citizenship of the stockholders. I will be glad to put into this record an opinion of the Attorney General on that point. It is interesting because of the character of the case, if it would not burden the record too much.

Mr. EDMOND. I think you might as well put it in and let us have the whole story while we are at it.

Mr. CHINDBLOM. I think it very proper that this discussion take a wide range, because if we take the action contemplated by this bill it might be an opening wedge.

Mr. CLARK. It would be not only an opening wedge but more properly a widening of the breach already made in protective laws for United States shipping.

Mr. CHINDBLOM. I am not saying it necessarily will be, but I think we should consider the possibilities.

Mr. CLARK. I will put into the record later some statements that will indicate that it was intended to be more than an opening wedge.

Mr. EDMONDS. You are going to put the Attorney General's opinion in?

Mr. CLARK. Yes; I am going to put in the opinion of Attorney General Wickersham. I will ask, however, that there be procured and placed in the record, preceding this opinion, an opinion by the solicitor for the Department of Commerce and Labor, April 25, 1911, and a supplemental opinion by the solicitor on June 1, 1911, which opinions were overruled by that of the Attorney General.

The case on which these rulings were made evidenced a particularly flagrant disregard of the apparent intent of legislative enactments designed for the protection of citizen ownership of national shipping. The Thousand Island Steamboat Co., a corporation organized under the laws of the State of New York, had been purchased by aliens—citizens and residents of Canada. There was no American investment remaining in the corporation. Subsequent to the purchase by the Canadians, changes in the organization were such that all of the officers of the corporation and all but three of the directors were residents and citizens of Canada. This company sought redocumentation of the steamer *Wanderer*, owned by the corporation. The United States collector of customs, to whom the application was made, denied the request on the grounds of noncompliance with United States statutes as to ownership. The vessel thereupon fled the American port; and, subsequently, through Harding & Hess, of New York City, sought to obtain an opinion authorizing the American documentation of the vessel in the name of the foreign-owned American corporation. The opinions referred to are most enlightening regarding the failure of our statutes, under such interpretation as made by Attorney General Wickersham, to be protective of National interests.

(Opinions referred to follow:)

OPINIONS OF SOLICITOR FOR DEPARTMENT OF COMMERCE AND LABOR SUPPORTIVE OF CITIZEN OWNERSHIP OF VESSELS AS REQUISITE TO REGISTRATION.

APRIL 25, 1911.

The SECRETARY OF COMMERCE AND LABOR:

In re inquiry of Hardin & Hess, New York City, as to the registry of a vessel owned by a corporation organized under the laws of a State, in which corporation an alien is a stockholder. Also whether, under the same conditions, such vessel is entitled to be enrolled and licensed for the coastwise trade.

In a letter, dated March 30, 1911, addressed to the Secretary of the Treasury, and by him referred to the Department of Commerce and Labor, Messrs. Hardin & Hess, New York City, submit the following questions:

"1. Where a vessel is built and equipped in the United States to engage in the foreign trade from a port in the United States to a port in a foreign country, and is built and equipped and owned by a corporation organized under the laws of one of the States, does the fact that an alien may own a share or shares or even a majority of the shares of the capital stock of the corporation, prevent her being registered as and deemed by your department to be a vessel of the United States under the laws of the United States concerning shipping and navigation?

"2. Under the same condition of affairs, does your department consider that such a vessel is not entitled to be enrolled or licensed for the coastwise trade?"

The issuance of registry to corporations is provided for in sections 4137 and 4139, Revised Statutes, as follows:

"Registers for vessels owned by any incorporated company may be issued in the name of the president or secretary of such company; and such register shall not be vacated or affected by sales of any shares of stock in such company."

"Previous to granting a register for any vessel owned by any incorporated company, or by an individual or individuals, the president or secretary of such company, or any other officer or agent thereof, duly authorized by said com-

pany in writing, attested by the corporate seal thereof to act for the company in this behalf or the managing owner or his agent, duly authorized by power of attorney, when such vessel is owned by an individual or individuals, shall swear to the ownership of the vessel without designating the names of the persons composing the company, when such vessel is owned by a corporation, and the oath of either of said officers or agents shall be deemed sufficient without requiring the oath of any other person interested and concerned in such vessel."

These provisions must be read in connection with the statutes governing the registry of vessels in general. Section 4132, Revised Statutes, provides:

"Vessels built within the United States and belonging wholly to citizens thereof, and vessels which may be captured in war by citizens of the United States and lawfully condemned as prize, or which may be adjudged to be forfeited for a breach of the laws of the United States, being wholly owned by citizens, and no others, may be registered as directed in this title."

Section 4142, in part, provides:

"In order to the registry of any vessel, an oath shall be taken and subscribed by the owner, or by one of the owners thereof, before the officer authorized to make such registry, declaring, * * * and that there is no subject or citizen of any foreign Province or State, directly or indirectly, by way of trust, confidence, or otherwise, interested in such vessel, or in the profits or issues thereof * * *."

The provisions of the latter sections, designating the character of vessels which alone are entitled to registry and prescribing the contents of the oath to be taken are derived from an act passed December 31, 1792. The provisions of the sections allowing registry to be issued to corporations are derived from an act passed March 3, 1825. All of these provisions were carried into the Revised Statutes, without any change material to the present question, in the revision of 1874. It may be concluded, therefore, that no repugnancy exists between the essential provisions of any of these sections. Still less, it is thought, can it be claimed that the effect of the provisions enacted in 1825 was to repeal the provisions of the act of 1792, which have ever since represented the policy of the United States with respect to the class of vessels eligible to registry. (9 Opin. At. Gen., 47.)

Section 4137 merely provides that when the ownership of a vessel is in an incorporated company, the register may be issued in the name of the president or secretary with the further provision that the registry shall not be affected by sales of shares of stock, while section 4139 does no more than provide that in the case of incorporated companies, the president or secretary of the company or other duly authorized officer or agent shall swear to the ownership of the vessel by such company, without designating the names of the persons composing the company. One of the requirements of section 4142, as above indicated, is that the person making the oath as therein provided for shall swear that there is no subject or citizen of any foreign Province or State, directly or indirectly, by way of trust, confidence, or otherwise, interested in such vessel, or in the profits or issues thereof. The unequivocal language of this requirement is in no way affected by the provisions of sections 4137 and 4139. With as much reason, it could be said that all the requirements of section 4142 were thereby abrogated.

That the stockholders of a corporation are "interested" in the property of the corporation "by way of trust, confidence, or otherwise," and "in the profits or issues thereof," is a proposition which ought not to be difficult to establish.

In United States *v.* Wolter (46 Fed. Rep., 509) stockholders were held liable for taxes levied on a distillery, where the statute levied the tax on "persons interested in the use of the distillery." The court said:

"The holder of stock in a corporation organized for and engaged in the business of distilling spirits, if not the proprietor or possessor of the distillery within the meaning of the statute, is certainly 'interested in the use of' the distillery operated by the corporation of which he is a stockholder. He has a direct, pecuniary interest in the business of distilling—the purpose for which the distillery is used—as well as in the property itself. The amount of such interest, whether large or small, is of no consequence. The statute declares that every person so interested shall be jointly and severally liable for the taxes imposed by law on the distilled spirits produced therefrom. It is obvious that the State statute regulating the liability of stockholders of corporations organized under its laws has no application here. The liability of the defend-

ants is to be measured by the provisions of the statute under which, and by virtue of which only, the distilling was done."

That a stockholder has an insurable interest in the property of the corporation is unquestioned. (Cook, Corporations, sec. 11, and cases cited.) And it has been held that a certificate of stock is, from one point of view, a mere muniment of title, like a title deed. It is not the stock itself, but evidence of the ownership of the stock; that is to say, it is a written acknowledgment by the corporation of the interest of the stockholder in the corporate property and franchises. (Higgins *v.* Lansingh, 154 Ill., 301.) The certificate operates to transfer nothing from the corporation to the stockholder, but merely affords to the latter evidence of his rights. (Nelson *v.* Owne, 113 Ala., 372.) It is the written evidence of the right of a party to a pro rata share of the net profits of a corporation when declared, or to a like share of all its property, after the payment of its debts, in case of a dissolution of the artificial being. (Beckwith *v.* Galice, etc., 93 Pac. Rep., 453, Oreg., 1903.)

In the Lenawee County Savings Bank *v.* The City of Adrian et al. (66 Mich., 273) the court said:

"A corporation is always, so far as its property is concerned, a mere trustee for its stockholders, where interests are in its corporate charge. It can make no difference to the State whether the cestuis qui trustent pay their taxes directly, in person, or have them paid by the trustee out of the trust funds. But the conditions imposed by Congress on the taxation of property in national banks made it desirable for the State to make bank taxation as nearly uniform as possible; and our tax law has provided that, except as to real estate, all such taxation shall be against the shareholders, who are the equitable and beneficial owners of all the assets, although in law the corporation is a distinct person."

In Martin *v.* N. F. Mfg. Co. et al. (122 N. Y., 165, 172), it was held that—

"The stockholders are the equitable owners of the corporate property, and if the officers or trustees do an unauthorized act or incur indebtedness which would not create a corporate liability, the stockholders may subsequently ratify the acts and validate the original unauthorized transaction."

In Koehler *v.* Black River Falls Iron Co. (2 Black (U. S.), 715), speaking of the obligation of good faith which the law imposes upon directors, the court used this language:

"Instead of honestly endeavoring to effect a loan of money advantageously for the benefit of the corporation, these directors, in violation of their duty and in betrayal of their trust, secured their own debts, to the injury of the stockholders and creditors. Directors can not thus deal with the important interests intrusted to their management. They hold a place of trust, and by accepting the trust are obliged to execute it with fidelity—not for their own benefit but for the common benefit of the stockholders of the corporation.

"In executing this mortgage and thereby securing to themselves advantages which were not common to all the stockholders, they were guilty of an unauthorized act and violated a plain principle of equity applicable to trustees. 'The directors are the trustees or managing partners, and the stockholders are the cestuis qui trust, and have a joint interest in all the property and effects of the corporation, and no injury that the stockholders may sustain by a fraudulent breach of trust can, upon the general principles of equity, be suffered to pass without a remedy.'"

This principle of trusteeship was distinctly recognized in Corbett *v.* Woodward (Fed. Cas. No. 3223) and in Twin-Lick Oil Co. *v.* Marbury (91 U. S., 587).

Although a corporation is said to be a legal entity, existing separate and apart from the natural persons who compose it (196 U. S., 585), and although the assets of a corporation are the property of the corporation, not of its stockholders (136 U. S., 557), it is usual nowadays to regard a corporation, in relation to its property, as merely a trustee, clothed with the legal title only, and the stockholders as the cestuis qui trustent, possessed of the beneficial ownership (202 U. S., 300). In this view stockholders are, as expressly stated by Justice Brewer, "equitable owners of the property belonging to such corporations" (165 U. S., 154). If, therefore, a vessel is owned by a corporation, and if the stock of the corporation is held in part by foreigners, how can it be said that "no subject or citizen of any foreign prince or State, directly or indirectly, by way of trust, confidence, or otherwise, (is) interested in such vessel or in the profits or issues thereof"?

Although no case exactly in point has been found, expressions of judicial opinion are not wanting which lend material support to the foregoing views. In

the case of Scudder *v.* Calais Steamboat Co. (Fed. Cas. No. 12566, 1857), the court said:

"The act of December 31, 1792, section 4 (1 Stat., 289), requires the owner applying for a register to make oath that he is the sole owner of the vessel, or an owner jointly with others, whom he names, and that he or they are citizens of the United States, and that there is no subject of any foreign State, directly or indirectly, by way of trust or confidence or otherwise, interested in such vessel or the profits thereof. The act of July 29, 1859, section 5 (9 Stat., 441), has changed this only so far as to require the particular proportions owned by such person to be specified. But there is nothing in either of these acts which prevents the legal title from being in one person while the equitable title is in another, or which requires a disclosure of the equitable title unless its owner be a subject of the foreign State."

The same doctrine was announced in Hall *v.* Hudson (Fed. Cas. No. 5935, 1863). And in 14 Opinions Attorneys General, 340 (1873), it was held that—

"Obviously, therefore, no vessel in which a foreigner is directly or indirectly interested is entitled to a United States registry, and if one is obtained by a false oath as to that point and the fact is that the vessel is owned or partly owned by foreigners, she can not be deemed a vessel of the United States or entitled to the benefits or privileges appertaining to such vessels."

By section 4172, Revised Statutes, it is provided that—

"If any vessel registered as a vessel of the United States shall be sold or transferred, in whole or in part, by way of trust, confidence, or otherwise, to a subject or citizen of any foreign prince or state, and such sale or transfer shall not be made known, as hereinbefore directed, such vessel, together with her tackle, apparel, and furniture, shall be forfeited. If such vessel, however, be so owned in part only, and it is made to appear to the jury before whom the trial for such forfeiture is had that any other owner of such vessel, being a citizen of the United States, was wholly ignorant of the sale or transfer to or ownership of such foreign subject or citizen, the share or interest of such citizen of the United States shall not be subject to such forfeiture, and the residue only shall be so forfeited."

The provisions of the last-mentioned section were adopted from section 16 of the act of December 31, 1792. In the case of *The Maria* (Fed. Cas. No. 9075, 1864), speaking with reference to the provision found in the last sentence of section 4172 in connection with a sale to a corporation, the court declared.

"But it is not necessary that all these individuals should be subjects of a foreign prince, for if any one of them is, then the sale was thus far and therefore 'in part' made to such subject, and within the purview of the act."

The court in the last-mentioned case cited with approval the case of The Margaret (9 Wheat., 419, 1824), where it was declared that—

"It is sufficient for us, however, that the case is brought within the very terms of the act of Congress, which does not require a beneficial or bona fide sale, but a transmutation of ownership, 'by way of trust, confidence, or otherwise.'

"* * * The policy evinced by this course of legislation is the encouragement of American navigation and American shipbuilding, to the exclusion of foreign navigation and foreign ownership, and securing to American registered vessels a preference in all our revenue transactions over vessels which are not strictly entitled to the character."

In enacting the provisions contained in sections 4137 and 4139 there is no reason whatever to suppose that Congress intended to do more than merely do away with the necessity of disclosing the names of the stockholders in a corporation composed of citizens of the United States. Obviously, it seems to me, the later legislation has reference only to such corporations, for otherwise, it must be assumed, Congress would have declared itself in plain terms. In order to overcome the requirement with respect to the denial of any interest by way of trust, confidence, or otherwise, or in the profits or issues of the vessel in a foreigner, there was as much need of express terms to that effect as there was with respect to the requirement that the owners' names should be disclosed. Moreover, the fact that the provision declaring what vessels are entitled to registry, and those prescribing the form of oath were without change carried into the revision as sections 4132 and 4142, respectively, must, in my opinion, be held to be confirmatory of the view that sections 4137 and 4139 were not designed to alter the law beyond what is plainly indicated by the terms of those sections. Any other conclusion would lead to a most incongruous condition, for it is at once apparent that if an alien may hold one share of stock in such

a corporation, then it follows that, with the exception of the few shares held by those citizens named as incorporators, the stock might all be owned by persons not citizens of the United States, a result which, when the policy of this country regarding the subject is considered, is absurd.

The only doubt concerning the proper conclusion to be drawn is suggested by the English case of Regina *v.* Arnaud and Power (9 As. & El, 806), in which it was squarely held that under the English statutes vessels owned by a British corporation are entitled to registry, although some members of the corporation are foreigners residing abroad, and notwithstanding the fact that the English statutes deny register to vessels not "wholly" owned by British subjects, or owned "in whole or in part, directly or indirectly, by foreigners." The court said:

"Now, it appears to us that the British corporation is, as such, the sole owner of the ship, and a British subject within the meaning of the fifth section, as far as such a term can be applicable to a corporation, notwithstanding some foreigners may individually have shares in the company and that such individual members of the corporation are not entitled, in whole or in part, directly or indirectly, to be owners of the vessel.

"The individual members of the corporation, no doubt, are interested, in one sense, in the property of the corporation, as they may derive individual benefit from its increase, or loss from its destruction; but in no legal sense are the individual members the owners. If all the individuals of the corporation were duly qualified British subjects, they could not register the vessel in their individual names as owners, but must register it as belonging wholly to the corporation as owners."

While there is, in the main, a great similarity between the British law considered in this case and the law in force in this country, there seems to have been this material difference. The English statutes did not require the sworn declaration which is part of the oath prescribed by section 4142, that "there is no subject or citizen of any foreign prince or State, directly or indirectly, by way of trust confidence, or otherwise, interested in such vessel, or in the issues or profits thereof." In the course of the argument, Coleridge, J., observed that registry on behalf of a corporation appeared to have been from the first a case excepted from the ordinary course of legislation and that the oath taken by the secretary of a corporation did not include the clause negativing interest in foreigners. Moreover, as will be seen from the passage quoted, the court regarded the English statutes as prohibiting a legal ownership on the part of foreigners, as distinguished from an equitable ownership, whereas the statutes of this country, as already shown, seem clearly to contemplate the equitable or beneficial ownership no less than the legal ownership. For this reason, it seems to me that the decision referred to, while entitled to great weight, is not controlling, or necessarily to be followed, in the United States.

As to the second question, the conclusion must, in my opinion, be the same. Section 4311, Revised Statutes, provides that—

"Vessels of 20 tons and upward, enrolled in pursuance of this title, and having a license in force, or vessels of less than 20 tons, which, although not enrolled, have a license in force, as required by this title, and no others, shall be deemed vessels of the United States entitled to the privileges of vessels employed in the coasting trade or fisheries."

By section 4312 it is provided that—

"In order for the enrollment of any vessel, she shall possess the same qualifications, and the same requirements in all respects shall be complied with, as are required before registering a vessel; and the same powers and duties are conferred and imposed upon all officers, respectively, and the same proceedings shall be had, in enrollment of vessels, as are prescribed for similar cases in registering; and vessels enrolled, with the masters or owners thereof, shall be subject to the same requirements as are prescribed for registered vessels."

The section, 4314, relating to the ownership of corporations, contains provisions similar to those in sections 4137 and 4139 in the case of registers.

While the oath prescribed by section 4319 in the case of enrollments includes a declaration that the owner or owners is (or are) a citizen (or citizens) of the United States, and sole owner or owners of the vessel, it is to be noted that the section does not include the requirement that it shall appear by the oath "that there is no subject or citizen of any foreign prince or State, directly or indirectly, by way of trust, confidence, or otherwise, interested in such vessel,

or in the profits or issues thereof," as is found in section 4142 relating to registers. But by section 4322, Revised Statutes, it is provided that—.

"The collectors of the several districts may enroll and license any vessel that may be registered, upon such registry being given up, or may register any vessel that may be enrolled, upon such enrollment and license being given up."

If, therefore, a vessel in which a foreigner is interested as stockholder in a corporate owner is not on that account entitled to registry, it would clearly be inconsistent with the plain purpose of the foregoing section to hold that the same is not true with respect to the enrollment of a vessel. Otherwise, it would follow that although a register might not issue to a vessel in the first instance, yet, if enrollment were had, the exchange could then be made.

The conclusion is therefore that vessels owned by corporations in which stock is held by an alien are not entitled to be registered or enrolled.

Respectfully submitted.

CHARLES EARLE, *Solicitor.*

OFFICE OF THE CHIEF CLERK,
June 1, 1911.

The honorable the SECRETARY OF COMMERCE AND LABOR:

In re documenting of steamer *Wanderer*, owned by a New York corporation, whose stockholders and officers, with the exception of three directors, are aliens:

In an opinion of this office dated April 25, 1911, the conclusion was reached that vessels owned by corporations in which stock is held by aliens are not entitled to be registered or enrolled. The occasion of this opinion was a letter of inquiry from Messrs. Hardin & Hess, of New York, as to whether a vessel built and equipped in the United States to engage in the foreign trade, and owned by a corporation organized under the laws of one of the States, may be registered and admitted as a vessel of the United States, notwithstanding the fact that an alien may own a share or shares, or even a majority of the shares, of the capital stock of the corporation, and whether under the same conditions such a vessel may be enrolled or licensed for the coasting trade, the writers stating that they desired a decision of the department in the premises in order to keep clear of any possible conflict therewith.

Since the opinion mentioned was rendered the Commissioner of Navigation has written a letter to the Secretary earnestly dissenting therefrom, but before transmitting the same has courteously furnished me with a copy, so that I might have an opportunity of changing or modifying the opinion referred to. In the meantime, also, the department has been called upon to decide whether a vessel may be enrolled and licensed under the following circumstances: The vessel, the steamer *Wanderer*, is owned by the "Thousand Island Steamboat Co.," a corporation organized under the laws of the State of New York. Recently most, if not all, of the capital stock of the corporation has been purchased by citizens and residents of Canada, by whom it is now owned, and the officers of the corporation, with the exception of three directors, are also citizens and residents of Canada. Under these circumstances it was deemed necessary to examine the question anew.

The provision of law by which vessels owned by corporations are registered or enrolled are as follows:

By the act of March 3, 1825 (4 Stat., 129), it was provided:

"SECTION 1. That enrollments and licenses for steamboats or vessels, owned by any incorporated company, may be issued in the name of the president or secretary of such company; and that such enrollments and licenses shall not be vacated or affected by a sale of any share or shares of any stockholder, or stockholders, in such company."

Apart from merely verbal changes, this provision is now embodied in section 4313, Revised Statutes.

"SEC. 2. That registers for steamboats or vessels, owned by any incorporated company, may be issued in the name of the president or secretary of such company; and that such registers shall not be vacated or affected by a sale of any share or shares of any stockholder, or stockholders, in such company."

Apart from merely verbal changes, this provision is now embodied in section 4137, Revised Statutes.

"SEC. 3. That, upon the death, removal, or resignation of the president or secretary of any incorporated company, owning any steamboat or vessel, a new

register, or enrollment and license, as the case may be, shall be taken out for such steamboat or vessel."

Apart from merely verbal changes, this provision is now embodied in sections 4138 and 4315, Revised Statutes, relating to registers and enrollments, respectively.

"Section 4. That, previously to granting a register, or enrollment and license, for any steamboat or vessel, owned by any company, the president or secretary of such company shall swear, or affirm, as to the ownership of such steamboat or vessel, by such company, without designating the names of the persons composing such company; which oath or affirmation, shall be deemed sufficient, without requiring the oath or affirmation of any other person interested or concerned in such steamboat or vessel."

This provision was embodied in sections 4139 and 4314, Revised Statutes, relating to registers and enrollments, respectively. These sections were amended in the same particulars by the act of June 24, 1902, by adding the words underscored in the following quotation. (The wording of the two sections is not quite identical, but nearly so.)

Previous to granting a register (or enrollment) for any vessel owned by any *incorporated* company, *or by an individual or individuals*, the president or secretary *of such company, or any other officer or agent thereof, duly authorized by such company in writing, attested by the corporate seal thereof, to act for the company in this behalf, or the managing owner, or his agent duly authorized by power of attorney, when such vessel is owned by an individual or individuals*, shall swear to the ownership of the vessel without designating the names of the persons composing the company, *when such vessel is owned by a corporation*, and the oath of either *of said officers or agents* shall be deemed sufficient without requiring the oath of any other person interested or concerned in such vessel."

"Section 5. That, before granting a register for any steamboat or vessel, so owned by any incorporated company, the president or secretary thereof shall swear, or affirm, that, to the best of his knowledge and belief no part of such steamboat or vessel has been, or is then, owned by any foreigner or foreigners."

This provision is no longer on the statute books. The fifth section of the act of March 3, 1825, was repealed by the act of June 11, 1858 (11 Stat., 313). The fact that a provision, specifically requiring the president or secretary of a corporation to swear or affirm that no part of a vessel owned by the corporation is owned by any foreigners, was expressly repealed, raises the only serious doubt in my mind as to the correctness of the conclusion heretofore reached regarding the registration of vessels owned by corporations, some of whose stock is owned by foreigners. Putting aside for the present consideration of the effect of this repeal, and summarizing the statutory provisions now in force specifically referring to the registration or enrollment of vessels owned by corporations, it will be seen that the law, in substance, provides as follows:

(*a*) Enrollments and license on the one hand, and registers on the other, may be issued to vessels owned by corporations in the name of the president or secretary;

(*b*) Such enrollments and licenses, or registers, shall not be vacated by the sale of any share or shares of the stock of the corporation;

(*c*) The ownership of the vessel must be sworn to before a register can be granted, but the names of the shareholders need not be designated, and an oath is not required of any person other than the president, secretary, or duly authorized agent of the corporation.

It is now necessary to turn to the general statute relating to registers and enrollments and licenses of vessels of the United States.

Section 4131, Revised Statutes, provides:

"Vessels registered pursuant to law and no others, except such as shall be duly qualified according to law for carrying on of coasting and fishing trade, shall be deemed vessels of the United States and entitled to the benefits and privileges appertaining to such vessels; but no such vessel shall enjoy such benefits and privileges longer than it shall continue to be wholly owned by a citizen or citizens of the United States, *or a corporation created under the law of any of the States thereof*, and be commanded by a citizen of the United States. * * *" Except as to the clause underscored, which was added by the act of May 26, 1896 (29 Stat., 188), this has been the law since December 31, 1792 (1 Stat., 287).

Section 4132, Revised Statutes, provides:

"Vessels built within the United States, and belonging wholly to citizens thereof, and vessels which may be captured in war by citizens of the United States, and lawfully condemned as prize, or which may be adjudged to be forfeited for a breach of the laws of the United States, being wholly owned by citizens, and no others, may be registered as directed in this title."

This has been the law without change since December 31, 1792 (1 Stat., 288), A special act, however, "To encourage American shihpbuilding," was passed May 10, 1892 (27 Stat., 27), modifying somewhat the requirements of this section for the particular occasion. Section 1 of that act provided:

"That the Secretary of the Treasury is hereby authorized and directed to grant registers, as vessels of the United States, to such foreign built steamships now engaged in freight and passenger business, and sailing in an established line from a port in the United States, as are of a tonnage of not less than 8,000 pounds, and capable of a speed of not less than 20 knots per hour, * * * of which not less than 90 per cent of the shares of the capital of the foreign corporation or association owning the same was owned January 1, 1890, and has continued to be owned until the passage of this act by citizens of the United States, including as such citizens corporations created under the laws of any of the States thereof, upon the American owners of such majority interest obtaining a full and complete transfer and title to such steamships from the foreign corporations owning the same: *Provided*, That such American owners shall, subsequent to the date of this law, have built, or have contracted to build, in America shipyards, steamships of an aggregate tonnage of not less in amount than that of the steamships so admitted to register."

Congress has, morover, frequently passed special act for the registration of particular vessels, of foreign build, but of American ownership.

Section 4142, Revised Statutes, provides in part:

"In order to the registry of any vessel, an oath shall be taken and subscribed by the owner, or by one of the owners thereof, before the officer authorized to make such registry, declaring, according to the best of the knowledge and belief of the person so swearing, * * * declaring his name and place of abode, and if he be the sole owner of the vessel, that such is the case, or if there be another owner, that there is such an owner, specifying his name and place of abode, and that he is a citizen of the United States, and specifying the proportion belonging to such owner; and where the owner resides in a foreign country, in the capacity of a consul of the United States, or as an agent for and partner in a house or copartnership consisting of citizens of the United States, actually carrying on trade within the United States, that such is the case, that the person so swearing is a citizen of the United States, and that there is no subject or citizen of any foreign prince or state, directly or indirectly, by way of trust, confidence, or otherwise, interested in such vessel or in the profits or issues thereof; and that the master thereof is a citizen, naming the master, and stating the means whereby or manner in which he is a citizen."

This, in substance, has been the law since December 31, 1792 (1 Stat., 289).

Section 4146, Revised Statutes, provides, in part:

"* * * and if any foreigner, or any person for the use and benefit of such foreigner, shall purchase or otherwise become entitled to the whole, or any part or share of, or interest in such vessel, the same being within a district of the United States, the certificate shall, within seven days after such purchase, change, or transfer of property, be delivered to the collector of the district; and if any such purchase, change, or transfer of property shall happen when such vessel shall be at any foreign port or place, or at sea, then the master or person having the charge or command thereof shall, within eght days after his arrival within any district of the United States, deliver up the certificate to the collector of such district."

This, in substance, has been the law since December 31, 1792 (1 Stat., 290).

Secton 4156 provides:

"A vessel registered pursuant to law, which by sale has become the property of a foreigner, shall be entitled to a new register upon afterwards becoming American property, unless it has been enlarged or undergone change in building outside of the United States."

As orginally enacted, this provision forbade the granting of a new register upon the sale of a vessel to a foreigner, even though it thereafter became American property. (Act of Jan. 27, 1797 (1 Stat., 523; act of Mar. 27, 1804 2 Stat., 297).)

Section 4172 provides:

"If any vessel registered as a vessel of the United States shall be sold or transferred, in whole or in part, by way of trust, confidence, or otherwise, to a subject or citizen of any foreign prince or State, and such sale or transfer shall not be made known, as hereinbefore directed, such vessel, together with her tackle, apparel, and furniture, shall be forfeited. If such vessel, however, be so owned in part only, and it is made to appear to the jury before whom the trial for such forfeiture is had that any other owner of such vessel, being a citizen of the United States, was wholly ignorant of the sale or transfer to or ownership of such foreign subject or citizen, the share or interest of such citizen of the United States shall not be subject to such forfeiture, and the residue only shall be forfeited."

This has been the law since December 31, 1792 (1 Stat., 295).

Section 4311 Revised Statutes, provides:

"Vessels of 20 tons and upward, enrolled in pursuance of this title and having a license in force, or vessels of less than 20 tons, which, although not enrolled, have a license in force, as required by this title, and no others, shall be deemed vessels of the United States entitled to the privileges of vessels employed in the coasting trade or fisheries."

This has been the law since February 18, 1793 (1 Stat., 305).

Section 4312, Revised Statutes, provides:

"In order for the enrollment of any vessel, she shall possess the same qualifications, and the same requirements in all respects shall be complied with, as are required before registering a vessel; and the same powers and duties are conferred and imposed upon all officers, respectively, and the same proceedings shall be had, in the enrollment of vessels, as are prescribed for similar cases in registry; but vessels enrolled, with the masters or owners thereof, shall be subject to the same requirements as are prescribed for registered vessels."

This has been the law since February 18, 1793 (1 Stat., 305).

Section 4322, Revised Statutes, provides:

"The collector of the several districts may enroll and license any vessel that may be registered, upon such registry being given up or may register, any vessel that may be enrolled, upon such enrollment and license being given up."

This has been the law since February 18, 1793 (1 Stat., 306).

Section 4324, Revised Statutes, provides:

"Any license, granted to any vessel, shall be considered in force not longer than such vessel is owned, and of the description set forth in such license, or for carrying on any other business or employment than that for which she is specially licensed."

This has been the law since February 18, 1793 (1 Stat., 306).

Section 4377, Revised Statutes, provides:

"Whenever any licensed vessel is transferred, in whole or in part, to any person who is not at the time of such transfer a citizen and resident within the United States, or is employed in any other trade than that for which she is licensed, * * * such vessel with her tackle, apparel, and furniture, and the cargo, found on board her, shall be forfeited."

This, in substance, has been the law since February 18, 1793 (1 Stat., 316).

The general requirements, therefore, with respect to registry or enrollment, are:

(*a*) Registered or enrolled vessels only are vessels of the United States, entitled to the benefits and privileges appertaining to such vessels, and no vessel shall enjoy such benefits and privileges longer than it shall continue to be wholly owned by a citizen or citizens of the United States, or a corporation created under the laws of any of the States thereof.

(*b*) The requirements for enrollment are precisely the same as the requirements for registry, and the requirements to which registered vessels are subject are the same requirements to which enrolled vessels are subject.

(*c*) If a foreigner, or any person on behalf of a foreigner, shall purchase, or otherwise become entitled to, the whole or any part, or share of, or interest in, a registered vessel, the fact of such sale or transfer must be made known to a collector of customs, and the certificate of registry surrendered; and in case of a sale or transfer of a registered vessel, in whole or in part, by way of trust, confidence, or otherwise, to a subject or citizen of any foreign prince or state, if the fact is not made known, the vessel shall be forfeited.

(*d*) Whenever a licensed and enrolled vessel is transferred, in whole or in part, to a person not a citizen of the United States, the vessel shall be forfeited,

and the license of any enrolled vessel shall not be considered in force any longer than the vessel is owned as required by law.

(*e*) No other vessels than vessels belonging wholly to citizens of the United States may be registered (or enrolled).

(*f*) In order to the registry (enrollment) of any vessel the owner (in case of a corporation the president, secretary, or duly authorized agent) shall swear or affirm, among other things, that there is no subject or citizen of any foreign prince or state, directly or indirectly, by way of trust, confidence, or otherwise, interested in the vessel, or in the profits or issues thereof.

It has been expressly decided that the oath required by section 4 of the act of December 13, 1792 (new required by sec. 4142, Revised Statutes), to be taken in order to the registry of vessels, must also be taken in order to the enrollment of vessels. (U. S. *v.* Bartlett, 24 Fed. Cas., 14532.) Part of this oath is that the owner shall swear to the ownership, specifying the names and addresses of part owners, if any. It has been held that this part of the oath primarily refers to legal ownership, as distinguished from equitable ownership, and that it is sufficient ordinarily to disclose the names of those holding the legal title to the vessel. In Weston *v.* Penniman (29 Fed. Cas., 17455) Judge Story said:

"The oath required by the registry act of 1792 to be taken by the owner respects only the legal ownership of the property; it does not require a disclosure of any equitable interests possessed by citizens of the United States; but only a denial that any subject or citizen of any foreign prince or state is directly or indirectly interested, by way of trust, confidence, or otherwise, in the ship, or in the profits or issues thereof. It is sufficient that the legal interest is truly stated; and if there be any equitable interest or trust in favor of any citizen of the United States no fraud is committed upon the law."

A further part of the oath is that the owner shall swear or affirm that "there is no subject or citizen of any foreign prince or state, directly or indirectly, by way of trust, confidence, or otherwise, interested in such vessel, or in the profits or issues thereof." Accordingly, the courts have been careful to hold that the equitable title need not be disclosed unless such equitable title is held by foreigners. Thus in Scudder *v.* Calais Steamboat Company (21 Fed. Cas., 12566) it was said:

"There is nothing in either of these acts which prevents the legal title from being in one person while the equitable title is in another, or which requires a disclosure of the equitable title unless its owner be a subject of a foreign state."

Again, in Hall *v.* Hudson (22 Fed. Cas., 5935) it was said:

"This is a question of equitable ownership, of ownership pro hac vice, and need not be specified by the agent in a registry oath, unless aliens are interested."

The fact that an equitable interest on the part of foreigners in a registered vessel vitiates the registry is further shown by reference to sections 4146 and 4172, Revised Statutes, which contemplate that if any foreigner "shall purchase or otherwise become entitled to the whole or any part or share of or interest in such vessel" the fact shall be made known, and the certificate of registry surrendered, and that if a registered vessel is sole or transferred "in whole or in part, by way of trust, confidence, or otherwise, to a subject or citizen of any foreign prince or state," and if such fact is not made known that the vessel shall be forfeited. Considering this provision in the case of the transfer of a registered vessel of the United States to a foreigner for the purpose of evading the laws of a foreign country, with the understanding that it was to be afterwards reconveyed to the original owner, the Supreme Court of the United States, speaking by Justice Story, held that such a transfer worked a forfeiture of the vessel, unless the transfer be made known in the manner prescribed, saying:

"It was completely within the words of the law a transfer, by way of trust, confidence, to a foreign subject, the trust and confidence being that the vessel should be recovered to the American owner when the special purposes of the transfer were entirely consummated."

Speaking of the policy of the law, Justice Story said:

"What the policy of the act is can be known only by its provision, and every section of it betrays a strong solicitude on the part of the legislature to trace and inspect every change of ownership; and for this purpose to require a public avowal of it and an alteration of the ship's documents so as to exhibit at all times the names of all persons who are the legal owners. The policy evinced by this course of legislation is the encouragement of American navigation and

American shipbuilding, to the exclusion of foreign navigation and foreign ownership, and securing to American registered ships a preference in all our revenue transactions over all vessels which were not strictly entitled to the character. The legislature foresaw that it would be impossible for the officers of the Government to ascertain the secret intention of parties or the object of ostensible transfers of ownership. Whether such transfers were bona fide or colorable, for meritorious or illegal purposes, were matters of private confidence and could rarely be ascertained by competent and disinterested proof. To admit secret transfers of ownership to any persons, and especially to foreigners, and allow at the same time to the ships the full benefit of the American character, would be hazarding the main objects of the act; it would invite all sorts of contrivances to evade the laws and disable the Government from possessing means to detect frauds. The correct course of legislation was, therefore, obvious. It was to lay down a strict and plain rule, requiring all transfers to be made known, from time to time, as they occurred; and a surrender of the American documents, when the legal ownership passed to a foreigner, whatever might be the secret trusts with which it was accompanied." (The *Margaret*, 9 Wheat., 4242.)

The case of the *Maria* (16 Fed. Cas., 9075) concerned the sale of a vessel to a foreign corporation "composed in whole or in part of aliens." The court held that a foreign corporation was "a subject of a foreign prince or state" within the meaning of the statute, and further held:

"But even admitting that the individuals who constitute a corporation or association must be 'subjects of a foreign prince or state' to make the latter such, I think there is enough before the court to warrant the conclusion that this was a sale to such a subject."

Then, referring to the testimony as showing that some of the stockholders were British subjects, the court continued:

"But it is not necessary that all these individuals should be subjects of a foreign prince, for if any one of them is, then the sale was thus far and therefore 'in part' made to such subject, and within the purview of the act."

It is true that section 4172, Revised Statutes, is not applicable to enrolled vessels, or distinguished from registered vessels (U. S. *v.* "Sciota," 27 Fed. Cas., 16240), but enrolled vessels are expressly covered by section 4377, Revised Statutes, which closely corresponds in purpose and effect to section 4172.

Such being the state of the law, it was considered in the previous opinion of this office of April 25, 1911, that stockholders of a corporation were "interested" in the property of the corporation, "by way of trust, confidence, or otherwise," and "in the profits or issues thereof." In support of this proposition were cited United States *v.* Wolters (46 Fed. Rep., 509), Beckwith *v.* Gallice (93 Pec. Rep., 453), Lenawee Savings Bank *v.* City of Adrian (66 Mich., 273), Martin *v.* Manufacturing Co. (122 N. Y., 172), Koehler *v.* Iron Co. (2 Black (U. S.) 715), and it was added:

"Although a corporation is said to be a legal entity existing separate and apart from the natural persons who compose it (196 U. S., 585), and although the assets of a corporation are the property of the corporation not of its stockholders (136 U. S., 557), it is usual nowadays to regard a corporation, in relation to its property, as merely a trustee, clothed with the legal title only, and the stockholders as the cestuis que trustent possessed of the beneficial ownership. (203 U. S., 300.) In this view, stockholders are, as expressly stated by Justice Brewer, 'the equitable owners of the property belonging to such corporations.' (165 U. S., 154.) If, therefore, a vessel is owned by a corporation, and if the stock of the corporation is held in part by foreigners, how can it be said that 'no subject or citizen of any foreign prince or State, directly or indirectly, by way of trust, confidence, or otherwise, (is) interested in such vessel, or in the profits or issues thereof?"

It was accordingly concluded that vessels owned by corporations, in which stock is held by aliens, are not entitled to be registered or enrolled.

The Commissioner of Navigation, in dissenting from this conclusion, seems to rely principally upon (*a*) the rule laid down by Moore, in his Digest of International Law (v. 6, p. 641), as follows:

"It is well settled that a government may intervene in behalf of a company incorporated under its laws, or under the laws of a constituent state or province. In such case the act of incorporation is considered as clothing the artificial persons created thereby with the nationality of its creator, without regard to the citizenship of the individual by whom the securities of the company may be owned";

and (*b*) the jurisdictional rule laid down by the United States Supreme Court in Louisville R. R. Co. *v.* Letson (43 U. S., 55), as follows:

"A corporat on created by, and doing business in a particular State, is to be deemed, to all intents and purposes, as a person although an artificial person, and inhabitant of the same State for the purposes of its incorporation, capable of being treated as a cit zen of that State, as much as a natural citizen."

It is not seen how either of these propositions can have any bearing on the question here presented. Undoubtedly, the law of nations recognizes the right of every sovereign and independent State to protect the property and the securities of institutions created and existing under the laws of the State, irrespective of whether all the individuals interested in such property and securities are members of the State or not. But this is not for the reason that the interests of the individuals are merged in the rights of the corporation, nor is it based on any conclusive presumption that all the members of a corporation are members of the State of its creation; otherwise, the law of nations would not sanction the right of a State to intervene on behalf of its citizens who are shareholders in a foreign corporation, whose property is endangered. In recognizing the latter right, the law of nations looks beyond the corporate form of organization, with a view to ascertaining the substantial interests involved. (See the case of the Delagoa Bay Railway Company and the case of the El Triumfo Company, Moore, Dib. Int. Law, v. 6, p. 647.)

The doctrine relative to the citizenship of corporations for jurisdictional purposes "began in the assumption that State corporations were composed of citizens of the State which created them; but such assumption was one of fact, and was the subject of allegation and traverse, and thus the jurisdiction of the Federal Courts might be defeated. Then, after a long contest in this court, it was settled that the presumption of citizenship is one of law, not to be defeated by allegations or evidence to the contrary. "There," said the court, "we are content to leave it," adding that the doctrine in question "went to the very verge of judicial power." (St. Louis, etc., Ry. Co. *v.* James, 161 U. S., 563.) Referring to this presumption in a later case, the Supreme Court said that it was "physically possible, but hardly true in a single instance"; that the reason for it "was to establish the citizenship of the legal entity for the purpose of jurisdiction in the Federal courts"; that it overcame the difficulty "that the legal creation, the corporation, could not be a citizen within the meaning of the Constitution"; continuing, the court said:

"This, then, was its purpose, and to stretch beyond this is to stretch it to wrong. * * * Disregarding the purpose of the presumption, it is easy to represent it, as counsel does, as illogical if not extended to every stockholder; but as easy it would be to show its falseness if so applied. But such charges and countercharges are aside from the question. To the fact and place of incorporation the law attaches its presumption for a special purpose."

Accordingly, the court held that the presumption in question must give way to the actual fact proved that a shareholder was a citizen of a different State from a corporation of which he was a member and was thus entitled to sue the corporation in a Federal court. (Doctor *v.* Harrington, 196 U. S., 586.) It is obvious that a presumption raised for particular purpose and based on an abstract technicality can not be used, not merely to accomplish a wholly different purpose but to defeat a long-established legislative policy.

The really serious question, however, as already indicated, concerns the effect of the repeal of section 5 of the act of March 3, 1825. It will be recalled that this act provided that vessels owned by corprations might be registered or enrolled in the name of the president or secretary of the corporation, who should make the oath or affirmation required, and that by the fifth section it was required that the president or secretary should swear or affirm that "no part of such steamboat or vessel has been, or is then, owned by any foreigners or foreigner." What legal effect is to be ascribed to the repeal of the latter requirement by the act of June 11, 1858? In the first place, it is to be observed that from 1825, when provision was first made for registering vessels owned by corporations, until 1858, when the section was repealed, a period of 33 years, registered vessels owned by corporations were subject to the same requirements applicable to registered vessels owned by individuals or partnerships from the time of the first Congress, namely, that they must be wholly owned by citizens of the United States, and that no foreigner could own an interest in them, by way of trust, confidence, or otherwise. In the next place, it is to be noted that with respect to vessels owned by individuals, partnerships, or unincorporated associations, the same policy has continued without a break to the present time. In the face of a policy so

established and maintained, with reference to the ownership of registered vessels, whether in the case of individuals or corporations, was it the intention of Congress in 1858, by the mere repeal of section 5 of the act of March 3, 1825, to abandon that policy in the case of vessels owned by corporation? The act of 1858 consists of nothing more than the bare repeal of the section mentioned. The bill was reported to the Senate by Mr. Clay, who said that he had been directed by the Committee on Commerce to report it without amendment, and recommend its passage.

Mr. Seward said, "I should like to have that bill passed." Mr. Clay replied, "I have no objection; it is a bill in which the Senator is interested." And then Mr. Seward made the only explanation which has been found concerning the purpose of the measure. He said:

"The registry act obliges small canal boats that come down the Pennsylvania Canal and the Erie Canal of New York to be registered, and it requires an oath to be taken, and that oath is prescribed in such language that the canal companies can not register their vessels without swearing not only that they belong to them, and that no officer or director is a foreigner, but that no stockholder in the company is a foreigner. The bill is simply to remove that latter difficulty."

Without further discussion or comment the measure was thereupon passed by the Senate. (Cong. Globe, 35th Cong., 1st sess., 1605.)

Statements made in this debate are not available as a guide to the interpretation of statutes. In this instance, however, in the absence of a committee report, the statement of Mr. Seward may be accepted as expressing the aim of those responsible for the framing of the legislation. Whether the legislation enacted accomplished the purpose intended, or fell short of such accomplishment, or went beyond it, is a further question to be determined in accordance with established rules of statutory interpretation. The precise aim, then, of the framers of the repealing act of 1858 appears to have been to relieve the president or secretary of canal companies operating canal boats on the Pennsylvania and Erie Canals, of the necessity of affirmatively declaring under oath that no part of any of their vessels was owned by any foreigner or foreigners, in order to obtain a register. It may be noted that at the time of the passage of this act the policy of promoting the construction of canals was a favorite one, and many concessions were made in aid of canal transportation. This circumstance would account for an exemption in favor of vessels owned by canal companies, but it would hardly suffice to explain a reversal of a policy with respect to vessels owned by other corporations of fifty years' standing. It may be, nevertheless, that in thus favoring canal companies, Congress inadvertently, but in legal effect, favored other corporations also. The question is then whether this was in fact the legal effect of the repeal.

I have been unable to find anything in the statutes before or since the repeal which would relieve the owners of vessels to be registered or enrolled of the necessity of making the oath required by section 4 of the act of December 31, 1792. (Sec. 4142, R. S.) The act of 1825 relieved the officer of a corporation of the necessity of designating the names and addresses of part owners as required by that section, and relieved such part owners of the necessity of subsequently making oath to their individual ownership as required by section 5 of the act of December 31, 1792, but it did not relieve such officer of the obligation of making oath as to the "ownership" of the vessel (see sec. 4), or of making the declaration that no subject or citizen of any foreign prince or state is directly or indirectly interested in the vessel, by way of trust, confidence, or otherwise, as required by the section mentioned. It would seem, therefore, that in repealing section 5 of the act of 1825, without altering the effect of section 4 of the act of 1792, the repealing act of 1858 fell short of accomplishing the end in view. But even if this repeal be given the broadest effect it does no more than dispense with the declaration under oath that no foreigner is interested in vessels owned by corporations; it does not even purport to alter or modify the requirements of law, then existing and still existing, that wholly registered vessels must belong "wholly" to citizens of the United States, and that the transfer of such vessels in whole or in part to foreigners shall work a forfeiture. A situation very like the one here presented was considered by the Supreme Court of the United States in Murdock *v.* Memphis (20 Wall., 590). The court was dealing with the effect of a change made in the twenty-fifth section of the judiciary act of 1789 by the second section of an amendatory act passed in 1867. The second section of the latter act was a substantial reproduction of the twenty-fifth section

of the former act, with this difference—that the last sentence of the former section was repealed—the purport of the sentence omitted being to expressly limit the power of the Supreme Court in reversing the judgment of a State court to errors apparent on the face of the record and which respected Federal questions. The argument was that by omitting the restrictive clause Congress must be understood as conferring the power which that clause prohibited. First observing that it was impossible to ascertain with any degree of satisfaction what the precise motives were which induced the omission of the clause, and that in a legislative body like Congress it is reasonable to suppose that among those who considered the matter at all there were varying reasons for assenting to the language, the court said:

"If Congress, or the framers of the bill, had a clear purpose to enact affirmatively that the court should consider the class of errors which that clause forbids, nothing hindered that they should say so in positive terms; and in reversing the policy of the Government from its foundation in one of the most important subjects on which that body could act, it is reasonably to be expected that Congress would use plain, unmistakable language in giving expression to such intention. There is, therefore, no sufficient reason for holding that Congress, by repealing or omitting this restrictive clause, intended to enact affirmatively the thing which that clause prohibited."

Paraphrasing the reasoning of this decision, it may be said of the present case that if Congress or the framers of the bill had a clear purpose to legalize the registration and enrollment of vessels owned by corporations composed of foreign shareholders, nothing hindered that they should say so in positive terms; that in reversing the policy of the Government from its foundation in a highly important subject of legislation it is reasonably to be expected that Congress would use plain, unmistakable language in giving expression to such intention; and that there is, therefore, no sufficient reason for holding that Congress, by repealing the provision prescribing a particular oath, intended to enact affirmatively that the thing should be authorized which that provision had prohibited.

It is conceded that the matter has been otherwise viewed by administrative officers in a letter from the Treasury Department to the collector of customs at Detroit, dated March 4, 1882 (T. D. 5145), the question considered was whether a company incorporated under the laws of Michigan, and owning a line of steam vessels plying upon the Great Lakes, the vessels being enrolled as provided in section 4137, R. S., can sell to aliens shares of its stock (though such shares may perhaps amount to majority interest), without impairing the title of the vessel to a certificate of registry or enrollment as a vessel of the United States. Assistant Secretary French said:

"The act of March 3, 1825, permitted vessels owned by an incorporated company to be registered or enrolled in the name of the president or secretary of such company, and made the certificate of registry or enrollment valid notwithstanding a transfer of the shares of the stockholders to other parties. Section 5 of that act prohibited the issue of a registry or enrollment to a vessel owned by an incorporated company, if any foreigner held a part interest in her.

"This prohibition was repealed by the act of March 11, 1858. Even if it had not been repealed it is doubtful whether the object of the section was to prohibit anything more than the joint ownership of an alien in a vessel together with an incorporated company. Be this as it may, the repeal of the section removed all restriction on the transfer of shares in the stock of an incorporated company.

"The substance of the act of 1825 has been reproduced in section 4137, Revised Statutes, and, as reproduced, there is no restriction therein upon the transfer of shares of such company that would affect the title of a vessel to registry. And for many years the department has regarded the transfer to an alien of shares of stock in a vessel owned by an incorporated company as in no degree impairing her title to registry. This appears by reference to article 6 of the Customs Regulations of 1874.

"It is not probable that the department will question the title to registry of such a vessel, whatever the number of shares of stock held by aliens, provided the company owning her is incorporated under the laws of any state or of the United States, as long as section 4137, Revised Statutes, remains in force and unmodified by act of Congress."

In criticism of this ruling, it may be said—

(1) The statement that the act of 1825 "made a certificate of registry or enrollment valid notwithstanding a transfer of the shares of the stockholders

to other parties" is misleading, since it carries the implication that it is immateral whether such a transfer of shares to citizens of the United States or to aliens. The statement is probably based upon the provision of the act of 1825 that neither registers or enrollments shall be "vacated or affected by a sale of any shares of any stockholder, or stockholders, in such company." The obvious purpose of the provision, it seems to me, was, not to authorize the sale of shares to foreigners, but to dispense with the necessity of a new registry in case of a transfer of shares to citizens of the United States, in view of the requirements of section 14 of the act of December 31, 1792 (1 Stat., 294; sec. 4170, R. S.), that whenever "any vessel, which has been registered, is, in whole or in part, sold or transferred, to a citizen of the United States * * * the vessel shall be registered anew, etc." In like manner, the provision of the act of 1825 that the oath of the president or secretary of the corporation shall be deemed sufficient "without requiring the oath or affirmation of any other person interested or concerned in such steamboat or vessel" was obviously made in order to obviate the necessity of part owners subsequently coming in and swearing to their ownership and citizenship as required by section 5 of the act of December 31, 1792.

(2) It is incorrect to say that section 5 of the act of 1825 "prohibited the issue of a registry or enrollment to a vessel owned by an incorporated company if any foreigner held a part interest in her," and then to argue that, since "this prohibition was repealed by the act of March 11, 1858," the repeal "removes all restrictions on the transfer of shares in the stock of an incorporated company." The prohibition against the ownership by foreigners of an interest in registered or enrolled vessels of the United States was not contained in this provision of law alone. The repeal, therefore, of section 5 could not as pointed out above, have the effect of removing the prohibition in question.

(3) It is true that the portions of the act of 1826, as reproduced in section 4137, R. S., impose no restriction "upon the transfer of shares of such company that would affect the title of a vessel to registry," but the title of a vessel to registry or enrollment does not depend solely upon the provisions of law embodied in section 4137, Revised Statutes.

Writing to a member of Congress, April 28, 1884, upon the subject of the Treasury ruling in question, the Acting Secretary transmitted a letter from Attorney General Brewster, dated April 16, 1884, expressing like view. This letter is not published among the official opinions of the Attorney General. For this reason, and because of certain inaccuracies appearing therein, the inference may be permitted that the question did not receive the consideration characteristic of the deliberate opinions of the author.

While, therefore, this ruling of the Treasury Department need not be regarded as settling the meaning of the law, it must nevertheless be accepted as an evidence of an administrative construction of long standing. This ruling was made in 1882, ninety years after the passage of the original registry act, 50 years after the passage of the act relating to the registry and enrollment of vessels owned by corporations, and 20 years after the passage of the repealing act of 1858. No other department ruling on the question involved made before or since has been found. The Commissioner of Navigation states that, so far as he is aware, the opposite conclusion reached in the previous opinion of this office is novel and certainly contrary to practice. It would seem, however, that, except on the occasion of the Treasury ruling above mentioned, the question has never been raised until the present inquiry arose. So far as known, it has never been passed on by the courts, or in an official opinion of the Attorney General. Why the question has never been presented in such a way as to be authoratively determined can only be surmised. It may be that collectors of customs and others charged with the administration of the navigation laws have never undertaken to inquire as to the nationality of shareholders in American corporations would not be concerned in disclosing the nationality of their shareholders. If such is the case, it is difficult to see how any definite "practice" in the premises can have been established. It is well settled that—

"The contemporaneous construction of a statute by those charged with its execution, especially when it has long prevailed, is entitled to great weight, and should not be disregarded or overturned except for cogent reasons and unless it be clear that such construction is erroneous." (124 U. S., 253.)

And, if there be reasonable ground for adopting either one of two construc-tions—

"Courts may well adopt that one construction which is in harmony with the settled practice of the Executive branch of the Government and with the course of judicial decisions in the circuit courts of the United States, especially if there be reason to suppose that vast interests may have grown up under that construction and under judicial decisions which may be disturbed or destroyed by the announcement of a different rule." (157 U. S., 34.)

But it is also well settled that "no practice of a department can nullify an act of Congress." (157 U. S., 383.)

"Neither is a construction of a statute by a department charged with its execution to be held conclusive and binding upon the courts of the country unless such construction has been continuously enforced for a long time;" in other words, "uniform." (137 U. S., 551, 2.)

And "no merely recent or occasional practice could have this effect." (20 Op. At. Gen., 747.)

For the various reasons above set forth, and particularly in view of the fixed and uniform policy of Congress respecting the ownership of "vessels of the United States," established at its first session and since maintained, I can not bring myself to believe that Congress intended a reversal of that policy for the benefit of corporations, while strictly enforcing it in the case of individuals and partnerships and unincorporated companies, by merely providing that registers and enrollments may issue in the name and upon the oath of the president of a corporation without a specification of the names of the shareholders. If, therefore, I am required to express an opinion in the matter, I must adhere to the opinion previously given, that vessels owned by corporations in which stock is held by foreigners are not entitled to be registered or enrolled.

Opposed to this conclusion, however, are several considerations of no little weight.

First. There is the incontestable fact that a statutory requirement that the oath taken on behalf of the corporation should state that no part of the vessel is owned by any foreigner or foreigners has been expressly repealed. The reasons why, in my judgment, such repeal did not alter the law respecting the documents of American vessels have been stated. It is recognized, nevertheless, that another view may be taken of the effect of this repeal.

Second. There is the further fact that the Treasury Department, as long ago as 1882, expressly decided that the transfer to an alien of share of stock in a vessel owned by an incorporated company in no degree impairs her title to registry. While, for the reasons stated, I think that decision was wrong, the decision itself was made by a head of a department charged with the execution of the statutes involved and has not, apparently, been questioned hitherto.

Third. There is, moreover, the English case of Regina v. Arnaud (9 Ad. & El., 806), announcing a different conclusion with respect to statutes very similar to our own. While it is thought that this decision is not controlling, or necessarily to be followed in the United States, as stated in the previous opinion, it is entitled to great weight.

Finally. The Commissioner of Navigation dissents earnestly from the conclusion reached, which he regards as "destructive." He refers to the "well-known fact of numerous investments of foreign capital in American corporations," and insists that American shipping corporations have been justified "in accepting the benefit of foreign capital, as American railroads have done," and that collectors and others have been justified "in not instituting proceedings for forfeiture under R. S. 4172," adding, "to accept Mr. Earl's opinion would deal a most staggering blow to American shipping, for under it any dissatisfied shareholder to the extent of, say, $100 by selling his single share to an alien would deprive a large fleet of American steamships of its national character." It may be noted in passing, with reference to the last statement, that while, if my opinion is sound, the vessels of a corporation would be deprived of their documents and of their right to trade upon such a sale, in the case of registered vessels, only the interest of the foreign shareholders would be forfeited, if such sale was made without the knowledge of the other owners. Moreover, such vessels could be redocumented upon the resumption of American ownership. It may also be observed in passing that if the conclusion reached correctly interprets the law, the responsibility for the disastrous results feared rests with Congress, not with the administrative officers charged with the duty of executing the law as Congress enact it. Nevertheless, as stated by the Commissioner of Navigation, the consequences of carrying the present conclusion

into effect would undoubtedly be serious, and the department may well hesitate to inaugurate the necessary line of conduct after so long a period of inaction and acquiescence in existing conditions.

The importance, therefore, of the department's decision in the premises, no less than the difficulty of the question involved, is obvious. In reaching a decision it is believed that the Secretary should not rely upon the opinion of the solicitor of the department. A subordinate law officer, it is thought, should not venture to assume the responsibility of deciding, on the one hand, against a fixed legislative policy in a doubtful case, and, on the other hand, of so deciding a question of statutory construction as to seriously interfere with extensive private interests, long left to follow a given course without molestation. It is accordingly recommended that the question be submitted to the Attorney General.

The specific case of the *Wanderer*, now pending before the department, is a particularly flagrant case if the general policy of the law respecting the ownership of documented vessels of the United States applies to vessels owned by corporations no less than to other vessels. The beneficial and ultimate ownership of the vessel is vested almost entirely in foreigners, yet the vessel claims the privileges reserved by the navigation laws to vessels of the United States. The vessel is, or is about to be, enrolled and licensed for the coasting trade, and since it is engaged in navigating the waters of the northern frontier otherwise than by sea, its enrollment and license will authorize it to be employed either in the coasting trade or foreign trade on such frontier (sec. 4318, R. S.), besides entitling it to all the other privileges appertaining to a vessel of the United States. It is understood that application was made for new documents following the acquisition by foreigners of the stock of the corporation owning the vessel, for the reason that the officer in whose name the existing documents were issued is no longer an officer of the company. It is further understood that pending action on such application the vessel has been navigating coastwise and foreign. It is believed that action against the vessel for so navigating should be withheld pending an authoritative determination of the question whether she was entitled to new documents at the time the application was made.

Respectfully submitted.

CHARLES EARLE, *Solicitor.*

OPINION OF ATTORNEY GENERAL ADVERSE TO AMERICAN CITIZENS' OWNERSHIP OF UNITED STATES VESSELS.

REGISTRY AND ENROLLMENT OF VESSELS.

A vessel belonging to a domestic corporation is entitled to registry or enrollment, even though some stock of the company be owned by aliens.

DEPARTMENT OF JUSTICE,
July 11, 1911.

The SECRETARY OF COMMERCE AND LABOR.

SIR: I have the honor to acknowledge the receipt of your letters of the 21st and 29th of June, in which you ask whether the vessel *New Island Wanderer* is entitled to the "privileges of vessels employed in the coasting trade" of the United States.

You state that said vessel is American built and is owned by the Thousand Island Steamboat Co., a corporation duly organized and existing under the laws of the State of New York; that recently most, if not all, of the capital stock of the corporation has been acquired and is now owned by aliens, citizens, and residents of Canada, and that all the officers of the corporation are aliens, with the exception of three directors, who are citizens and residents of the United States.

The answer to your question depends upon an examination of the navigation laws.

Section 4311, title, "Regulation of commerce and navigation," of the Revised Statutes of the United States, provides that vessels enrolled in pursuance of such title and no others "*shall be deemed vessels of the United States entitled to the privileges of vessels employed in the coasting trade or fisheries.*"

Section 4312, Revised Statutes, provides that "in order for the enrollment of any vessel, she shall possess the same qualifications, and the same requirements

in all respects shall be complied with, as are required before registering a vessel."

Section 4132, Revised Statutes, provides that certain vessels "*belonging wholly to citizns*," or, "*being wholly owned by citizens, and no others, may be registered as directed in this title.*"

Section 4131 provides that vessels registered or enrolled pursuant to law, and no others, "*shall be deemed vessels of the United States, and entitled to the benefits and privileges appertaining to such vessels; but no such vessel shall enjoy such benefits and privileges longer than it shall continue to be owned by a citizen or citizens of the United States or a* corporation created under the laws of any of the States thereof * * *."

The italicized portion of this section was added by the act of May 28, 1896 (29 Stat., 188).

Clearly the policy of the law is that no vessel is a vessel of the United States for purposes of registry or enrollment unless it belongs to citizens of the United States.

Whether a corporation is such a citizen depends upon the intention of the legislature, to be found in the statutes themselves.

The original navigation act of September 1, 1789 (1 Stat., 55), provided for the registry of vessels in the foreign trade, and their enrollment in the coasting trade or fisheries. On December 31, 1792 (ib., 287), was passed a new statute relating solely to the registering of ships in the foreign trade; and the later act of February 18, 1793 (ib., 305), regulated the enrollment of vessels in the coasting trade.

The foregoing sections of the Revised Statutes are taken largely from these statutes. None of them refers to the registry of vessels owned by corporations.

The act of March 3, 1825 (4 Stat., 129), provided that enrollments and registers for steamboats or vessels, owned by any incorporated company, may be issued in the name of the president or secretary of such company; and that such enrollments and registers shall not be vacated or affected by a sale of any share or shares of any stockholder or stockholders in such company (secs. 1 and 2); that upon the death, removal, or resignation of such president or secretary, a new register or enrollment shall be taken out (sec. 3); that previously to the obtaining of such enrollment or register, the president or secretary shall swear as to the ownership of the vessel by such company, without designating the names of the persons composing the company (sec. 4); and (sec. 5) that such oath shall contain a statement that "no part of such steamboat or vessel has been, or is then, owned by any foreigner or foreigners."

The first four sections of this act have become sections 4314 and 4315, Revised Statutes, relating to enrollments, and sections 4137, 4138, and 4139, Revised Statutes, relating to registers, while the fifth section was repealed by act of June 11, 1858 (11 Stat., 313).

Upon a consideration of the several statutes, I am of opinion that in the act of 1825 Congress declared a corporation of the United States a "citizen" thereof within the meaning of the navigation laws. Therefore a vessel belonging to a domestic corporation is owned by a citizen of the United States, even though some of the stock in that corporation belongs to aliens; alien stockholders have neither the legal nor equitable ownership of any part of the vessel. As said by the Supreme Court of the United States in Humphreys v. McKissock (140 U. S., 304, 312):

"Both the commissioner and the court * * * seem to have confounded the ownership of stock in a corporation with ownership of its property. But nothing is more distinct than the two rights; the ownership of one confers no ownership of the other. * * * The corporation—the artificial being created—holds the property, and alone can mortgage or transfer it."

In its later enactments upon the subject Congress clearly indicates the same view.

Section 1 of the act to encourage American shipbuilding, of May 10, 1892 (27 Stat., 27), authorized the issue of registers to certain foreign-built vessels, of which not less than 90 per cent of the shares of the capital of the foreign corporation owning the same was owned by citizens of the United States, "including as such citizens corporations created under the laws of any of the States thereof," upon the American owners of such majority interest obtaining full and complete title and transfer to such steamships from the foreign corporations owning the same.

And in the act of May 28, 1896, amending section 4131, supra, Congress uses the expression "a corporation created under the laws of any of the States" as synonymous with "citizen of the United States."

Section 4142, Revised Statutes, is not inconsistent with this view. That section requires the taking of an oath, in order to the registry of any vessel, "that there is no subject or citizen of any foreign prince or state, directly or indirectly, by way of trust, confidence, or otherwise, interested in such vessel, or in the profits or issues thereof." As this provision first appeared in section 4 of the act of December 31, 1792, it would seem to be required only in the oath of an American owner residing abroad. However, the courts early construed the law as requiring this statement in all oaths (Scudder v. Calais Steamboat Co., 21 Federal Cases No. 12566, per Curtis, circuit justice), and I believe that such is the present practice. Assuming, especially in view of a slight change in the language of this section as carried forward into section 4142 in the revision of the law, that this construction is correct, the interest meant is clearly an interest by way of ownership, and, as before stated, the owner of stock in a corporation has no such interest in its property.

A similar question was raised in United States v. Delaware & Hudson Co. (213 U. S., 366), where the Supreme Court construed the so-called commodities clause of the Hepburn Act of June 29, 1906. That clause provided that it should be unlawful for any railroad company to transport in interstate or foreign commerce any commodity owned by it in whole or in part, "or in which it may have any interest, direct or indirect." The United States filed a bill to restrain, among other things, some of the carriers from transporting coal belonging to a corporation some of the stock of which was owned by the carrier. The Supreme Court, applying the foregoing reasoning, held (413, 414) that the carrier had no interest, direct or indirect, in the property of the corporation whose stock it owned. This construction of substantially the same language seems controlling here.

In a letter to the Secretary of the Treasury of April 16, 1884, Attorney General Brewster expressed the same opinion. (See Treasury Decisions for 1884, p. 187, No. 6315.)

Mr. Brewster referred with approval to the English case of Queen v. Arnaud (9 Adolphus and Ellis, N. S., 806), decided in 1846, where the Court of Queen's Bench construed similar British statutes in the same way. There Lord Chief Justice Denman said:

"It is said that some of the members of the corporation are not British subjects, but foreigners, and, consequently, that the vessel does not wholly belong to Her Majesty's subjects, as required by the fifth section of the act, and is within the prohibition, contained in the twelfth section of the act, against foreigners being entitled to be owners, in whole or in part, directly or indirectly, of any vessel requiring to be registered.

"Now, it appears to us that the British corporation is, as such, the sole owner of the ship, and a British subject within the meaning of the fifth section, as far as such a term can be applicable to a corporation, notwithstanding some foreigners may individually have shares in the company, and that such individual members of the corporation are not entitled, in whole or in part, directly or indirectly, to be owners of the vessel.

"The individual members of the corporation, no doubt, are interested, in one sense, in the property of the corporation, as they may derive individual benefit from its increase, or loss from its destruction; but in no legal sense are the individual members the owners. If all the individuals of the corporation were duly qualified British subjects, they could not register the vessel in their individual names as owners, but must register it as belonging wholly to the corporation as owner (p. 816)."

This view is also supported by the unbroken practice since 1858 of the departments called upon to construe the acts in question.

The Secretary of the Treasury in his letter of April 14, 1884, upon which Mr. Brewster's opinion was based, said:

"The practice and ruling of this department has been to regard all companies incorporated under State law as entitled to hold vessels of the United States as property so as to take out marine documents for them by virtue of said sections and the laws from which they were reproduced in the Revised Statutes, without considering the citizenship of the stockholders or incorporators since the repeal of the fifth section of the act of March 3, 1825, by act of June 11, 1858."

And from the letter of the Commissioner of Navigation which you transmit to me it appears that such is still the practice of your department.

Article 6 of the Customs and Navigation Regulations of 1869 and 1874, appearing in the editions of 1884, 1892, 1899, and 1908 as article 7, provides:

"Marine documents may be issued for vessels owned by an incorporated company within the United States, in the name of the president or secretary of such company, and they will not be vacated or affected by the sale of a share or shares of a stockholder or stockholders in such company, even though such stockholders be foreigners."

Article 5 of the same regulations (editions of 1899 and 1908) gives as class 1 of the vessels entitled to receive documents under the existing laws—

"Those built in the United States, wholly owned by a citizen or by an incorporated company of the United States."

I beg to advise you, therefore, that in my opinion a vessel belonging to a domestic corporation is entitled to registry or enrollment, even though some stock of the company be owned by aliens.

In this opinion I have assumed that the Thousand Island Steamboat Co., is a bona fide corporation existing under the laws of the State of New York, although some doubts as to that fact appear in the papers which you transmitted to me. Of course, if the corporate life of that company had been terminated or its charter forfeited, the reasoning in this opinion would not apply.

I beg to return herewith the papers and files in the case as requested by you.

Respectfully,

GEORGE W. WICKERSHAM.

BRITISH PRIVY COUNCIL AND ITS LEGISLATIVE AUTHORITY.

Mr. CLARK. The committee should understand that the Government of Great Britain is so organized that in foreign trade and shipping it is controlled by the Board of Trade. That body in turn is controlled by the business interests of Great Britain. I will offer an outline of British organization, as follows:

During the fourteenth century a body composed of three bishops, nine peers, and seven commoners, known as the privy council, was sworn to give its best advice to the King of England upon every exercise of the royal power.

Under William III disagreeing factions brought discord into the council, making agreement impossible, with the result that the direction of affairs passed at that time into the hands of a committee of ministers—the cabinet.

Although the true privy council is the cabinet, to-day the name is given collectively to a large number of eminent people whose membership and position are titular only. Members of the cabinet, if not already privy councilors, become so on appointment to cabinet offices.

The administrative work of the council has always been performed through committees, and during the last few centuries, notwithstanding changed conditions, this has been preserved in theory. The Board of Trade, the local government board, the education department, and the board of agriculture were all committees of the council. These so-called committees are now state departments, presided over by ministers responsible to the Parliament. The existing jurisdiction of the privy council is both administrative and judicial. Its jurisdiction is based upon statutory authority, which practically makes of the privy council a subordinate legislature. It is deemed impracticable for Parliament to enact long and intricate measures dealing with departmental detail; hence a general measure is passed and the privy council is authorized under the act to draw up orders in council which have the full force of law.

In the interpretations of orders in council and their flexibility is found the medium of British official preferment of British interests. The order in council is the weapon of British authority in every British dominion. Whether it be in Canada, Australia, or British India, such orders in council as are issued by those Governments are issued in the name of the King of England.

Mr. CHINDBLOM. Each one of the dominions has its own privy council?

Mr. CLARK. Yes, but I understand subordinate, always to control by the privy council of Great Britain, acting within the limits prescribed by English law or order in council.

Mr. CHINDBLOM. There is no appeal to the privy council in England?

Mr. CLARK. Not that I am aware of.

Mr. CHINDBLOM. Or review by the privy council in England?

Mr. CLARK. Not on appeal from outside. The noncitizen, and possibly the citizen, is bound by the conditions prescribed by the privy council. It should be understood, however, that a wider latitude is accorded the dominions to-day than was the case in earlier years.

Mr. CHINDBLOM. These orders in privy council, as I understand, as a matter of fact have practically the force of law?

Mr. CLARK. They are to English law as the fingers to the hand. Parliament enacts up to a certain point, and authority is vested in the council to change at will by order of council or interpretation, as I will show by quoting from British law a little later.

BRITISH BOARD OF TRADE ORGANIZED UNDER OLIVER CROMWELL.

What deveolped into the Board of Trade was established by Oliver Cromwell as a department to foster trade and navigation and check the growing activities of the Dutch. Due to their success in this direction the policy of this department was continued by the restoration Government, which in 1660 appointed a committee of the privy council whose duty it was to handle all particulars in connection with import and export trades of the country. Shortly after this a second but similar committee was set up to foster colonial interests. In 1672 these two bodies consolidated and became known as the standing council of trade and plantations. This body existed but two years. In 1696, however, it was again revived and continued as a standing committee for nearly a century. It was abolished in 1782, but in 1786 a permanent committee of the privy council was formed by order in council, and with one or two minor exceptions the legal constitution of the board of trade is still governed and regulated by that order. Under it all the principal officers of state and certain members of the privy council, among whom was the Archbishop of Canterbury, obtained seats at the board ex officio, and 10 unofficial members, including several eminent statesmen, were also placed on the committee.

The duties of the revised Board were made the same as in the beginning of the century, but the growth of commerce necessarily placed upon the board new administrative duties. The Board of Trade thus became a mere name, the president being practically the secretary of state for trade, and the vice president became, in 1867 a parliamentary secretary, with duties similar to those of the parliamentary secretary of state. At present, besides the president, who has usually a seat in the cabinet, there is a parliamentary secretary, two permanent secretaries, four additional parliamentary secretaries, one of whom is in the ministry of shipping, secretary for the department of overseas trade (development and intelligence)—and I want you to remember that word "intelligence," the secret service, so to speak, of Great Britain's commercial life—who is also additional undersecretary of state for foreign affairs, a secretary of the department of mines, a secretary of the department of commerce and industry, a secretary of the department of service and administration, an economic advisor, a controller of the ministry of shipping, and many other important officials in charge of different departments.

At this point, I will insert into the record a detail of the primary organization of the British Board of Trade, which I am sure will be of interest in connection with the subject in hand.

THE BOARD OF TRADE.

Board of Trade Office, Great George Street, S. W. 1.

President, Right Hon. Sir Robert S. Horne, K. C., G. B. E., M. P., £5,000. Private secretaries, Cecil Litchfield; C. P. Duff; E. W. Reardon; Sir Victor Warrender, Bart., M. C; F. C. Thomson, M. P. (parliamentary).

Parliamentary Secretary, Maj. Sir Philip Lloyd-Greame, K. B. E., M. C., M. P., £1,500. Private secretaries, A. F. Overton, M. C.; B. C. Beauchamp.

Department of Overseas Trade (Development and Intelligence), Right Hon. F. C. Kellaway, M. P.; additional undersecretary of state for foreign affairs and additional parliamentary secretary, board of trade.

Department of Mines, Right Hon. W. C. Bridgeman, M. P., secretary for mines and additional parliamentary secretary, board of trade.

Economic Adviser, Sir H. Llewe'lyn Smith, G. C. B.

HEADS OF DEPARTMENTS.

Joint permanent secretaries, Sir S. J. Chapman, K. C. B., C. B. E., and H. A. Payne, C. B.

A. Department of Commerce and Industry.

(Sir S. J. Chapman, K. C. B.)

Commercial relations and treaties, H. Fountain, C. B., C. M. G., assistant secretary, Great George Street, S. W. 1.
Overseas trade development and intelligence (joint department with foreign office), Sir. W. H. Clark, K. C. S. I., C. M. G., comptroller general, 73, Basinghall Street, E. C. 2.
Industries and manufactures, Percy W. L. Ashley, C. B., assistant secretary, Great George Street, S. W. 1.
Industrial property (including patent office), W. Temple Franks, C. B., comptroller general of patents, designs and trade-marks, 25, Southampton Building, Chancery Lane, W. C. 2.
Power, transport, and economic H. F. Carlill, assistant secretary, Great George Street, S. W. 1.
Statistics, A. W. Flux, C. B., assistant secretary, Gwydyr House, Whitehall, S. W. 1.
Board of Trade Journal, Harcourt Kitchin, editor, Great George Street, S. W. 1.

B. Department of Public Services Administration.

(H. A. Payne, C. B.)

Marine, C. Hipwood, C. B., assistant secretary, Great George Street, S. W. 1.
Pilotage commissioner, G. Roper, C. B.
Companies, H. M. Winearls, O. B. E., comptroller, 55 Whitehall, S. W. 1.
Bankruptcy, J. G. Willis, C. B., inspector general in bankruptcy, 1. Horse Guards Avenue, S. W. 1.

C. General.

Legal, T. J. Barnes, solicitor, 7, Whitehall Gardens, S. W. 1.
Finance, H. Mead Taylor, accountant general, 7, Whitehall Gardens, S. W. 1.
Establishment, S. W. Clark, principal staff officer, 7, Whitehall Gardens, S. W. 1.
Professional and technical officers:
Marine department, Capt. A. F. H. Young, R. N. R.
Harbor department, Rear Admiral C. E. Munroe, R. N.
Senior inspector of life-saving apparatus, Capt. J. D. Daintree, R. N.
General Register and Record Office of Shipping and Seamen, Tower Hill, E.:
Registrar general of shipping and seamen, Charles H. Jones, C. B. E. Assistant, George A. Hooke.
Consultative establishment, marine department, 54, Victoria Street, S. W. 1:
Engineer surveyor in chief and inspector of chain cables and anchor testing establishments, Thomas Carlton.
Principal ship surveyor, E. W. Colvill.
Principal surveyor for tonnage, T. F. Jenkins.
Principal examiner of masters and mates, Joseph M. Harvey, 68, Victoria Street, S. W. 1.
Office for survey and admeasurement of steamships, examination of engineers, and superintendence of emigration, 79, Mark Lane, E. C. 3:
Principal officer for London district, R. C. Warden, C. B. E.
Chief Examiner of Engineers, C. W. Roberts.
Chief inspector of ships' provisions, C. A. Whyte.
Inspectors of lime and lemon juice:
Sir James J. Dobbie, J. Connah, G. Stubbs, E. Jones, and C. Simmonds.
Ministry of Shipping, offices, St. James's Park, S. W. 1:
Controller: Right Hon. Sir Joseph Paton Maclay, Bart.
Parliamentary secretary, Col. Leslie Wilson, C. M. G., D. S. O., M. P.

Mr. CLARK. The present duties of the Board of Trade include commercial relations and treaties; over-seas trade development and intelligence; the collection and publication of statistics as to trade; the control and issuance of patents and trade-marks; the preservation of the standard of weights and measures; the supervision of the nonlegal machinery as to bankrupt; the registration of joint stock companies; the control of railway, tramway, water, gas, and electric lighting companies, and last, but not least, the control of merchant shipping, harbors, and lighthouses.

And in connection with the last authority which I have enumerated, it acts as auditor for Trinity House accounts and, since 1853, has been responsible for the financial program of Trinity House—Trinity House is in charge of the lighting and buoying of the coast and channels of England and Wales, and is responsible for the removal of wrecks and the appointing of licensed pilots.

Mr. CHINDBLOM. Are those all the functions of Trinity House?

Mr. CLARK. As far as I have gone into the subject, those are practically all the functions of Trinity House and I think they go no further than that. The Board of Trade itself is the governing body to which all matters of trade or shipping are referred.

It is the Board of Trade responsibility in connection with shipping that we have to consider in connection with our own efforts to establish a merchant marine. Every detail of British ship operation comes under the jurisdiction of the Board of Trade. All questions of foreign and colonial shipping legislation. Not only the shipping legislation of their colonies, but the shipping legislation of the United States comes within the province of the board of trade activities. It is one of their duties. It is not to be wondered at that we have had camouflaged before the committees of Congress and elsewhere, people representing foreign interests, who endeavor to secure legislation or interpretation such as would eliminate the protections which, in the earlier days, had by our Government been thrown around American shipping.

There are three specific activities of the board of trade of especial interest to the people of the United States.

1. Control of merchant marine, harbors, and lighthouses, under which is included consideration of all questions of foreign and colonial shipping legislation.
2. Overseas trade development and intelligence.
3. Commercial relations and treaties.

WAR OF 1812 RESULTED FROM ORDERS IN COUNCIL.

Mr. CHINDBLOM. Referring to these orders in council, it is interesting to note, as I think it is generally agreed, that our war of 1812 practically in fact grew out of orders in council.

Mr. CLARK. Exactly, and the interpretation of orders in council in extension of written law is practically the making of British laws over night, protective of British rights and privileges, sometimes disregarding rights we think we possess under treaties, as was shown in the hearings on H. R. 5209, already referred to. The board of trade supervises subsidies and bounties, shipping rings, and miscellaneous shipping questions. These are the special duties of the marine department of the board of trade and of the officers responsible to that department. All marine legislation for Great Britain is introduced into the Parliament only through the medium of and with the recommendation from the ministry of shipping. Any such bill as the one now before the committee, before it could be introduced in the British Parliament, would have to pass through the marine department of the board of trade, under the scrutiny of officials who would weigh carefully its effect upon the merchant marine of Great Britain and end by discarding the suggestion.

Mr. CHINDBLOM. Could it not be introduced in the Parliament; could it not be offered in the Parliament?

Mr. CLARK. My understanding is that such measures must be first offered to the board of trade. Only the board of trade, acting through its properly constituted official, the Parliamentary Secretary, may present such matters upon the floor of Parliament for action by that body.

Mr. EDMONDS. A great deal of legislation is not necessary; they have such great powers in the board of trade that they just put their orders into effect without any legislation.

BOARD OF TRADE ADMINISTERS BRITISH SHIPPING LAWS.

Mr. CLARK. Every marine law of Great Britain provides specifically for their interpretation "according to the orders of the board of trade" or something of like character as to authority, so that all of the provisions of the merchant shipping acts of Great Britain are subject to interpretation and modification by the board of trade.

Mr. EDMONDS. They scan everything; orders and everything are scanned by the board of trade. Only recently they had up this foreign act of China. It was an order in council and they required every company in China that had a Hongkong charter should have English officers.

Mr. CLARK. And required that a British subject be placed at the head of it, though there might be no British investment therein. All British law pertaining to the sea is included in what are known as the merchant shipping acts, which consist of the original act and amendments thereto. All acts prior to 1894 are codified into one statute and the most important amendment thereto is the act of 1906. Marine interests of Great Britain control the marine department of the board of trade. Those marine interests of Great Britain are deeply interested in breaking down our coastwise trades. I want to write into this hearing two statements, quotations from the best British authority on shipping, the "Look-Out Man" of Fair Play whose opinions may be taken as representative of the British idea with regard to marine matters.

Mr. CHINDBLOM. Explain just who that is—the "Look-Out Man."

Mr. CLARK. The "Look-Out Man" is an unknown quantity. It is editorial comment by an expert and is believed by some to be unofficial expression by board of trade experts under camouflage.

Mr. CHINDBLOM. Has he any official status?

Mr. CLARK. Not that I know of. I do not even know his name; I have never been able to learn it.

Mr. DUFF. Explain what Fair Play is.

Mr. CLARK. Fair Play is the representative organ of British shipping. Next to the British Board of Trade Journal, it is the official shipping organ of Great Britain. It is an unofficial organ through which may be promulgated views which it might not be wise to promulgate through an official journal, such as the Board of Trade Journal. It is usable to gauge sentiment and yet be able to say, "Well, that is only a private expression; it is not representative, and we are not responsible."

Mr. CHINDBLOM. Is there any suspicion it is subsidized or supported in any way by the Government?

Mr. CLARK. I could not justify a statement of that kind, but with the homogeneous character of British interests, that would not be necessary. Business and Government in Great Britain are coordinated for public national benefit. You would not be confronted in Great Britain by the spectacle of a deputy collector of customs of the country appearing before the board of trade or before any other legislative body to urge legislation that would be protective of American ships and destructive of British ships, as were the gentlemen of this committee the other day when a deputy collector of customs (who did not at first reveal his identity as a collector of customs) came here before you on behalf of British shipping opposing laws protective of American ships.

Mr. CHINDBLOM. Of course, I think it is fair to say that he stated at the time he appeared here as representing the commercial association and tried to divest himself of his official character.

Mr. CLARK. One thing that may be accountable for much official and certain other opposition to American ships in Alaska and the favoring of foreign ships, is that Congress in its wisdom passed laws which made it impossible for the American shipping company to legally grant free transportation. Certain officials of the customs may, in connection with their duties, ride upon an American ship, but the family of such official would not be permitted to ride free, nor would the official himself be permitted to ride free when not on duty. There is no such restriction imposed upon Canadian carriers. If it were imposed it would not be recognized and is not recognized, and free or reduced rate transportation over Canadian steamship lines of a character intended to induce sentiment and action in Alaska favorable to British shipping is usually available. It is the usual practice of officials of Alaska to leave Alaska and return to Alaska on Canadian carriers. I do not mean by that to charge that all ride upon passes.

Mr. STRONG. They frequently do.

Mr. CLARK. Mr. Strong is a citizen of Alaska, and he says "they frequently do."

Mr. EDMONDS. He came down that way himself? [Laughter.]

Mr. CLARK. He paid his fare, I will venture.

Mr. STRONG. No; I went on an American fishing boat.

Mr. EDMONDS. But you came on the Grand Trunk?

Mr. STRONG. Oh, yes; from Prince Rupert.

Mr. CHINDBLOM. Oh, yes; but he did not come on transportation furnished by anybody.

Mr. CLARK. I have no doubt but if Mr. Strong had solicited free transportation and promised not to appear in opposition to this measure, he would have been able to procure it; but Mr. Strong has always demonstrated himself to be an ardent friend of the American merchant marine.

Now, I want to put this statement into the record, introduced by Senator Jones into the Senate committee records. It is a quotation from this British paper referring to United States coastwise trade.

Mr. CHINDBLOM. From Fair Play?

Mr. CLARK. From Fair Play, by the "Look-Out Man":

"So far as the protection of her coastwise traffic is concerned a great deal of irritation was caused, which doubtless was due to the fact that we found ourselves bested, in what to us was unsportsmanlike fashion, in regions where we had hoped to enter when it suited us."

Mr. CHINDBLOM. We found ourselves what?

Mr. CLARK. "Bested." In other words, the American laws protective of the coastwise trade had shut them out and they could not get in. It was a "green pasture" in which they hoped to enter and feed. Therefore, they devoted themselves to bringing about changes in our laws which would permit them to enter, or to soliciting interpretations by United States officials which would permit them to procure the benefits of American transportation from which they were legally barred.

The question of a permanent American merchant marine was at that time very much in the air. The Shipping Board had some 1,478 steel ships, many of which are now tied up for lack of profitable employment, and the present-day situation as regards American ships which confronts Congress and the American people is fully accounted for in the second quotation from the "Look-Out Man," which reads as follows:

"When it has been a question of the survival of the fittest, we have invariably done our best to crush or mold our opposition, and, as regards America's new merchant marine, we shall go on doing it and expect her to do the same by us."

Now, gentlemen, I have no objection to that policy by Britain, provided we pursue a like policy and protect ourselves. If we do not protect ourselves, we will be "crushed"; if we do not awaken to the insidious character of representations being made to Congress and to other departments of the Government, we will become "molded" to a British plan subserving British shipping at the expense of our own. An enormous propaganda is being carried on in this country to prevent enforcement of the merchant marine act by throwing at us the fear of international complications. It must be combatted. Anyone can purchase immunity from punishment of any band of robbers if possessed of enough money, but it takes a stalwart citizen to protect his property interests or his life by physical force.

Just a word about "intelligence" or propaganda. A short time ago opportunity was afforded me to call with others at a certain bureau in this city which disseminates so-called educational film. On going into that bureau I found upon the wall back of the desk of the manager the photograph of a Senator who has been stalwart in his Americanism. The photograph was inscribed with a friendly greeting over the personal signature of the Senator, such as would indicate a marked degree of intimacy. I will not mention the Senator's name, but he was entirely innocent of that photograph. On inquiry of him it was ascertained that he knew of neither the manager personally nor of the bureau by name or otherwise. The photograph of so good an American was, however, a perfect camouflage for an organization that is disseminating foreign propaganda in this country.

The CHAIRMAN. And you said that was a department of the Government?

Mr. CLARK. No; the organization is known as the bureau of commercial economics, department of public instructions. Its stationery as printed is of a character to justify the belief in the minds of the uninformed person that the

"department of public instruction" is a governmental department. Their representatives talk in interchangeable language of "our department and the Interior Department and the Treasury Department." It was admitted in the course of that interview that the basis of support of this organization was a foundation furnished by the Canadian Government and the Canadian Pacific Railway Co. to its founder, and that in the previous year it had expended, in the distribution of so-called educational film upwards of $240,000. When asked the source of his financial support he said, "Why, only the other day we received £450 from a citizen of London whom I do not even know," and admitted receiving support from prominent notables of Great Britain, including Lord Beaverbrook (head of British propaganda bureau of the world). To others he mentioned Lord Northcliffe and Sir Thomas Lipton as supporters of the bureau. He also admitted he had just received 5,000,000 feet of film from the British Board of Trade. Such film comes in the foreign diplomatic pouches, is the admission of Dr. Holly, director of the bureau. Such film is not even subject to censorship by the Post Office Department. On several questions arising, he said: "Now, if you will wait a moment I will call up the British Embassy and they will justify and support my statement."

Mr. CHINDBLOM. Of course, all that was to enlighten the densely ignorant American public.

Mr. CLARK. To enlighten the densely ignorant American public? Very likely. They wanted to help us build up our American merchant marine by showing pictures of fine British passenger ships throughout the country. Dr. Holley, in answer to the question, admitted, in the presence of others, that nearly all of the so-called screen news weeklies shown on the American screen were owned by a group of British capitalists, of which Lord Beaverbrook was one, and said that this syndicate, "The Associated Screen Weeklies," was headed by Col. Baynes, an ex-British officer, alleged to have been formerly engaged in British intelligence work in the United States, and that these screen weeklies were losing $50,000 a month—all this to enlighten the "densely ignorant" American people, presumably.

Two days afterwards, still with this in mind, I happened into one of the film palaces in Washington while one of these screen weeklies was portraying about the remarkable efforts of the Shipping Board to build an American merchant marine; the piece de resistance was the Leviathan lying at her dock at Hoboken, showing various views with expense statistics for upkeep. The impression carried away by those who saw the film was that in the attempt to build an American merchant marine the United States was spending enormous sums of the taxpayers' money to maintain in idleness a ship which could never be utilized commercially under the American flag, and that the daily expense in connection with that ship would equal the earnings of a workman of the United States in 12 months. I have not forgotten that impression, and I doubt not that many citizens all over the country remember it as distinctly, and whenever they think of the Shipping Board and an American merchant marine they think in terms of the enormous expense involved in maintaining in idleness ships which can not be utilized. That picture was broad, untruthful propaganda against our merchant marine, nothing short of that. The director of the bureau of commercial economics, by reason of the impression given that he was close to the Government—an assumption resented by some departments of the Government—was able to have the moving picture house association of America, which met in Minneapolis this year, pass a resolution excluding from their houses the showing of any educational film except that furnished by the bureau of commercial economics. Films furnished by that bureau are to be shown in something like 17,000 moving picture houses in this country weekly, between 10 o'clock and 11 o'clock in the morning on Saturdays. To whom? To the children of high-school age and, where there is room for them, to the children of the senior grades—propaganda and "intelligence."

A short time ago the Hearst papers exposed a history that was being utilized in many of the schools of this country under the title of Barnes History of the United States. When I went to school, I remember a Barnes History which taught the history of the United States from the American viewpoint. The Hearst papers in holding up this new Barnes History to the American public cited some of the passages in effect; that it was the greatest pride of George Washington that he was a British officer, serving under a British general; that the Boston massacre was proper resistance of organized Government against a

mob; and that Benedict Arnold was the most misunderstood man of colonial days, and would eventually take his place in American history.

Mr. EDMONDS. He has taken his place in American history.

Mr. CLARK. Yes; and in the minds of good Americans there he will remain. Perhaps all these things "just happen." Intelligence may be responsible, I do not say. In connection with British intelligence, I want to quote an article from the British Fortnightly Review of June, 1920, a British periodical which is republished in New York. The article is by Stephen Graham, under the caption of "The spirit of America after the war." It is as follows:

"The vast number of semiofficial propagandists sent to America have done harm. It is commonly said in a random way that Briton has spent billions of dollars in propaganda in America. The suspicion that a man is a propagandist is often enough to damn him, and several celebrated Englishmen of letters have suffered somewhat from the suspicion. The curious thing about the British propagandists is that they nearly always have to face fashionable audiences which are entirely Anglophile, and they wonder where the Anglophobia is. The propagandist is seldom introduced to poor or radical or foreign or even Irish audiences; the enemies of Briton will not pay to come in and hear him.

"Yet certainly America is tamer under the propagand st than the Briton. Witness the reception of 'Pussyfoot' Johnson in London. There is very little room for American prohibition propagandists in Great Britain."

In connection with propagandists and efforts along that direction, on July 9, 1919, a dispatch was sent out from London as follows:

BRITAIN WANTS AMERICA TO STOP COMPETING.

British M. P. asks diplomatic action against United States ships.

LONDON, *July 9.*

In the House of Commons to-day Robert Houston, member for Liverpool, called attention to the threatened competition of the United States in the shipping trade between North and South America and also with South Africa and Australia. He asked whether in view of the sacrifice and services rendered by British shipowners during the war, diplomatic representation would be made to the American Government with the object of preventing competition and friction between Great Britain and the United States. Col. Wilson, the parliamentary secretary to the ministry of shipping, replied:

"The shipping controller is well aware of the sacrifices which British shipowners engaged in during the war and all possible steps consistent with the maintenance of essential imports of this country are now being taken to enable them to recover their prewar position in those trades. The Government does not consider, however, that the employment of American tonnage could usefully or properly be made the subject of representation to the United States Government."

Answers such as made by Col. Wilson are carefully prepared by the department of the board of trade, which has immediate control over the subject. Questions must be asked in writing the day prior to being propounded in the Parliament, when questions may follow the answer to the original question in writing. The usual practice is to have the answer of a character to suggest the following question and to prepare in advance the answers in series. It takes, usually, not more than three such prepared questions and answers to close a subject without revealing very much to the public mind.

It is unfortunate the board of trade, which is the motive power of British Government has not continued in the frame of mind stated by Col. Wilson. That, however, was prior to our efforts at self-preservation in passing the merchant marine act, 1920. Immediately following consideration by the committees of Congress of that measure, when it was reported out of the Senate committee, the following report was sent out from London by Universal service.

Mr. CHINDBLOM. On what date?

Mr. CLARK. May 21, 1920. The bill was then before the Senate.

"The vigorous policy of the United States Shipping Board has sent representatives of every big line in the British mercantile marine hurrying to America, Universal Service learns. It appears that the note of alarm struck by J. Noble, president of the United Kingdom chamber of shipping, at the annual meeting of that body, when Noble frankly declared that Britain's lead on the seas was gravely imperiled, started an exodus of investigators on behalf of British owners and builders to watch the interests of England.

"The reports being received from these investigators strengthen the growing British view that the American maritime expansion movement must be countered in vigorous fashion.

"A shipping expert just back from America contributes an alarmist article in the Financial Times, in which he describes the plans of the American Shipping Board to enforce its own classification for American ships."

Just think of the criminality of the United States Shipping Board endeavoring to enforce its own classification of its own ships (continuing reading):

"This expert refers to the plans as constituting 'an amazing proclamation of war on Lloyds.'

"The points involved may quite properly justify a request for diplomatic conversations between the British and American Governments. Unless this country takes up the matter with vigor and self-respect, a great political injury may be inflicted on our trading freedom.

"Sir Westcott Abel, head of Lloyds, and Sir John Esplen, of the British ministry of shipping, are both at present in America, and it is hoped the opportunities may be taken by the American Government to consult them.

"It should be remembered that Americans have the utmost confidence in their ability to build and maintain a vast mercantile marine commensurate with the greatness of their country with ambitions which are being financially nursed to capture the dominating proportion of the world's oversea shipping trade.

"Enormous investments are being made; recent inquiries at American yards disclose that the Americans are constructing ships at $50 a ton less than British yards.

"It is declared that behind the alleged movement against Lloyds is a movement by powerful political anti-English influence which, unless promptly smoothed over, might raise the question of relations."

BOARD OF TRADE ACTIVITIES REGARDING UNITED STATES SHIPPING LEGISLATION.

That brings us to another duty of the British Board of Trade in connection with "foreign shipping legislation." I would direct the attention of this committee to a report on "Shipping and shipbuilding before and after the war," made by a committee of the British Board of Trade, published in 1918. Remember that this is an official document by British Government, prepared by a committee of the board of trade, which has charge of all shipping matters and of foreign legislation and intelligence for the British Government. It contains many interesting revelations as to British aims and methods of accomplishment of such aims. I will quote from page 194.

"*Miscellaneous.*—Attention may be drawn to a few further points not involving any treaty questions, which, however, affect British shipping in competition with foreign flags.

"(1) *Foreign legislation.*—There is a growing tendency, and particularly in the United States, to pass legislation calculated to interfere between the ship and the cargo owner, and between the shipowners and their crews. Instances are the Sherman Act and Harter Act and the United States seamen's act. We, of course, recognize the right of every Government to legislate for the protection of its own subjects, but we think the tendency we have described is dangerous and should be watched by His Majesty's Government with a view to energetic intervention on behalf of British interests whenever necessary."

Can you, in the face of such announced policy, have assurance to believe that opposition to the merchant marine act and other acts of Congress "just growed" like "Topsy"?

The following appeared in the Wall Street Journal on May 14, 1920:

BRITISH MISSION COMES TO DISCUSS SHIPPING—LEGISDATION TO BE DISCUSSED AT WASHINGTON—BRITISH REPRESENTATIVE BELIEVES IN PRIVATELY OPERATED MERCHANT SHIPS—PROFITABLE FOR NEXT THREE YEARS.

A British mission headed by Sir Westcott Abell, chief ship surveyor of Lloyd's, arrived on the Cunard Liner *Carmania*. The mission will represent the British Government at the international conference at Washington relative to shipping and safety at sea. Other members of the mission were Mr. Webster, secretary of Lloyd's; Sir Herbert Rowell, K. B. E.; and Mr. Colville.

Sir Westcott said: "At the conference we will talk over the shipping situation informally in a general way; our discussions will be concerned primarily

with shipping legislation. The British policy is to have shipping carried on by private owners, stimulated by individual enterprises."

Relative to ship subsidies, Sir Westcott said: "History does not reflect much success for Government subsidies. France, for instance, a productive nation, although granting liberal subsidies, has not produced a merchant marine of particular importance. From what I know of your economic situation, American financiers will probably find it more profitable to invest their money internally than externally."

Sir John Esplen, K. B. E., formerly chief technical advisor of the British ministry of shipping, arrived on the *Carmania*, and when asked about the outlook for the shipping industry, said: "Shipping will be very profitable for the next two or three years, and rates will probably be advanced. Before the war the average return on capital invested in the shipping industry was in the neighborhood of 5 per cent. The steel situation in England is acute."

Accompanying this group of British notables were the full complement of board of trade undersecretaries and experts. Their presence was accounted for by the calling together for its second meeting the international committee on bulkheading, organized at the time of the *Titanic* disaster. But one meeting of that committee had been held, and that took place in 1913. No further steps were taken to hold additional meetings until the merchant marine act was under consideration in the Senate committee and began to show evidences of developing "teeth." Then it was that the Board of Trade of Great Britain officially asked to have the committee called together at Washington. The request was made early in 1920, but the time for the meeting was fixed by the American chairman for May, 1920. Acquiescence in the board of trade request afforded reasonable excuse for flooding the United States with British shipping experts, as expressed in the London dispatch quoted.

Sir Richard Holt, of the British Blue Funnel Line, operating on the Pacific, was in the Philippines doing heroic work for British interests there. It will be remembered that some five hundred American business men of Manila cabled the chairman of the Senate Commerce Committee charging that British and Japanese influences controlled the alleged American Chamber of Commerce at Manila, and objected to the efforts by that organization aimed against the merchant marine legislation then under consideration by the Congress. This gentleman reached the Pacific coast before the final passage of the act, and with his shipping organization in Seattle was instrumental in originating and extending a propaganda on the coast and elsewhere against the constructive features of the act, particularly against section 28, the while developing a preferential rate arrangement for "Blue Funnel ships" with the Canadian Government railways.

The Manchester Guardian Commercial of June 17, 1920, published in England, contains announcement of the organization for overseas development of the federated British industries. It announced that such organization was supplemental to the department of overseas trade and intelligence of the British Board of Trade, and not in conflict therewith. It appoints commissioners to serve in foreign lands. Two of the functions of such commissioners were stated to be "to act in cooperation with representatives of His Majesty's Government in the interests of members, and to appoint a local board of prominent business men, in sympathy with British aims, to advise the commissioners generally."

Of course that does not indicate careful attention to detail in carrying on propaganda. Oh, no! But judging from some of the activities of alleged Americans "in sympathy with British aims," we have some of those "Local boards of prominent business men" in the United States, notwithstanding that on the map locating commissioners, the United States is the only country of great importance in the world where none are claimed. Two of these agents were in Seattle, however, in November, 1920.

Permit me to quote from an editorial published in a western paper late in 1920 a comment on British efficiency in propaganda:

SCIENCE OF PROPAGANDA.

Never before had propaganda been used to so great an extent or had the truth of the axiom "The pen is mightier than the sword," been so well demonstrated. Now that it is possible to reveal the secrets of the war offices of the allies, the world is beginning to learn to what extent propaganda was used; but even yet there are signs that the experts employed either by the allies or the central powers are now ready to reveal all the tricks of the trade.

A book recently published in England, entitled "The Secrets of Crewe House," purports to give the details of the work directed by Lord Northcliffe during the war. * * * The opinion of the value of Northcliffe's work is well described by a writer in the German newspaper, the Tagliche-Runschau, as follows:

"It can not be doubted that Lord Northcliffe very substantially contributed to England's victory in the world war. His conduct of English propaganda during the war will some day find its place in history as a performance hardly to be surpassed. The Northcliffe propaganda during the war correctly estimated the character and intellectual peculiarities of the Germans."

Not all the propaganda was used on the Germans and the Austrians. We are able to look back now and note that this instrument of war and peace was used quite effectively in this country and elsewhere. Probably if all the truth were told there is as much propaganda floating around to-day as ever there was during the war. It would be a difficult matter to catalogue it and to designate from which country or which group it comes.

Since propaganda and its uses are now rather well understood, it it worth while to study methods and principles which underlie it. Answering the question, "What is propaganda?" the British book says:

"It is the presentation of a case in such a way that others may be influenced. In so far as its use against an enemy is concerned, the subject matter employed must not be self-evidently propogandist. Creation of an 'atmosphere' is the first object of propaganda."

It is significant that one of the most important axioms of successful propaganda is that only truthful statements be made. Deceptions, lies, and foolish trickery come home to roost. And in this lies the protection of the world. Deceptions are found out sooner or later and the sources of the propaganda are thereafter under suspicion. We may not always be able to recognize this new instrument of war and peace, but we can tell within a reasonable time whether the statements upon which it is based are truthful and we do not need to fear the truth in most cases.

Sir Aukland Geddes, ambassador to the United States from Great Britain, has made a great many speeches through the East, the South, and the Middle West since accredited to this country. He was formerly the president of the British Board of Trade, and is a talented gentleman. On November 4, 1920, the ambassador made an address in Minneapolis, Minn., from which address I offer the following quotation.

Mr. CHINDBLOM. Where in Minnesota?

Mr. CLARK. At the meeting of the Civic and Commerce Association of Minneapolis, November 4, 1920. I quote from the ambassador's address the following:

"Mr. Chairman and gentlemen, I desire to thank you cordially and unaffectedly for the welcome which you have given me here to-day. I come before you not only as the ambassador of England but as the ambassador of the British Empire, the representative not only of Britain but of your near neighbors, Canada, Newfoundland, and the British West Indies, of Australia, New Zealand, South Africa, India, of colonies on all the continents and island in all the seven seas. I speak to you as the official representative in this great republic of one-quarter of the human race, and I have no hesitation in saying that I misrepresent no opinion of importance when I declare that it is the wish of all the British peoples to live at peace and in amity with you and with all the nations of the earth.

"I sometimes read in your newspapers of the subtle, devilish schemes which the English Government is preparing with the object of preventing your trade expansion. I have been a member of the British cabinet, I have been the minister of the Crown responsible for the trade policy and activities of the Government of Britain, and I assure you formally and without mental reservation that the principle which underlies British trade policy is fully expressed in the five words:

"FAIR TRADE AND EQUAL OPPORTUNITY.

"If anyone is skeptical on this point, I beg of him to review the policy which Britain has followed for generations in connection with trade. He will look far to find, and will not find, proof of Government interference with the course of British trade except in the emergency of war, when the interference was not designed to foster trade, but to strengthen the war effort.

"I read that American ships have been placed at a disadvantage with British ships by British Government action. That statement is not true. In normal times American ships have received in British ports precisely the same treatment, the same facilities for bunkering, the same facilities for repair as British ships, and so have the ships of all nations of the earth. Under your laws only American ships may engage in American coastwise traffic. That is a matter for your own decision. We make no comment on your policy. Our present policy is that any ships may engage in British coastwise traffic. I may, however, point out, not in any sense as a threat, however veiled, but as a matter of interest, that if a law precisely similar to your coastwise traffic law were adopted by the British Empire there would be same far-reaching derangements in the business of non-British shipping. We are not thinking at present of adopting any such law, for our policy is, as I have said, based on the policy of 'fair trade and equal opportunity'."

Mr. EDMONDS. Was that the same ambassador who made a speech that rather criticized the Jones bill?

Mr. CLARK. It was Sir Auckland Geddes.

Mr. EDMONDS. The same fellow?

Mr. CLARK. Oh, yes. This speech was made on the 4th of November, 1920.

Mr. EDMONDS. That was after the Jones bill was passed?

Mr. CLARK. On October 14, 1920, three weeks prior to the speech by the British Ambassador from which I have quoted. Mr. E. S. Busby, chief inspector of customs and inland revenue at Ottawa, issued the following general instructions to collectors of customs in British Columbia:

OTTAWA, ONTARIO, *October 14, 1920.*

SIR: You are hereby informed that it is not the intention of the department of customs to grant permission to foreign vessels to call at places on the coast of British Columbia which are not customs ports of entry to land cargo or load merchandise for export when there is a registered vessel under the British flag which is open for charter and is capable of doing such work.

The collectors of customs at the following ports, viz, Vancouver, Victoria, New Westminster, Nanaimo, and Prince Rupert have been written the following letter of instructions respecting the above-stated matter, viz:

"'Where application is made by a charterer or owner of a foreign vessel to call at a place on the coast of British Columbia which is not a customs port of entry, you will please be guided by the following instructions, viz:

"'Where a request as above stated is received, you will please communicate with Mr. C. D. Neroutsos, superintendent Canadian Pacific Coastwise Service, Victoria, British Columbia; Mr. J. C. McNab, division freight agent, Canadian Pacific Railway Co., Vancouver, British Columbia; Mr. H. G. Kennaird, chairman Cascade Freighting & Towing Co. (Ltd.), 12 Mahon Block, 1112 Government Street, Victoria, British Columbia; Capt. C. H. Nicholson, manager Grand Trunk Pacific Coast Steamship Co.* (Ltd.), Vancouver, British Columbia; manager the Union Steamship Co., Vancouver, British Columbia; Mr. McGregor, managing director, Victoria Tug Co. (Ltd.), Victoria, British Columbia; Mr. Edward Pearson, Central Wharfage Co., Victoria, British Columbia; Mr. J. McL. Graham, manager Burrard Tug & Barge Co., Vancouver, British Columbia; Capt. J. Walters, manager Progressive Steamship Co., Vancouver, British Columbia; Mr. E. J. Coyle, manager Coyle Tug & Barge Co., Vancouver, British Columbia; Capt. John Galt, Gulf Steamship Co., Vancouver, British Columbia; Capt. S. Garnham, manager Coastwise Steamship & Barge Co., Vancouver, British Columbia; Mr. Geo. A. Walkem, manager Gulf of Georgia Towing Co., Vancouver, British Columbia; Mr. C. A. Prowse, manager Vancouver Tug & Barge Co., Vancouver, British Columbia; Capt. A. Balkwell, Champion & White Tugs, Vancouver, British Columbia; manager the Kingsley Navigation Co. (Ltd.), Pacific Bldg., Vancouver, British Columbia, and any other vessel owners which may be aware of who are engaged in the coastwise trade of British Columbia and ascertain whether any of such companies have a vessel to do the work which the character or foreign vessel owners is asking permission to do. If so you may refuse the application of the charterer or foreign vessel owner and notify him of the name of the firm who is prepared to do the work when it will not be necessary to refer such application to the department for consideration.

"'Should, however, there be no Canadian vessels available for the work as above stated, you may then refer the matter to the department with your recommendation to be dealt with.

"'The above instructions are effective this date and you will please be governed accordingly.

"'Should any violation of the above-stated instructions occur you will please notify the collector of customs nearest the place where such violation occurred and forward a copy of such letter to the commissioner of customs, Ottawa, when the matter will be promptly investigated with a view to preventing such recurrence in the future.'"

I have the honor to be, sir,

Your obedient servant,

E. S. BUSBY,
Chief, Inspector of Customs and Inland Revenue.

I am informed that it has been officially claimed by the Canadian Customs that the order of October 4, 1920, did not relate to exports or imports but was issued for the protection of the Canadian coastwise trade, creating the impression that the sole purpose of this order was to prevent foreign vessels from carrying merchandise between two ports of British Columbia. An order of this character would be protective of the coastwise trade but in an unusual manner. Its enforcement would require foreign vessels, including those of the United States, competing with British ships for the movement of any commodity between any foreign port and port or place in British Columbia which is not a regularly established customs port of entry to employ some British company named in the order, to handle such freights between the customs port and the place to which it was destined or at which it originated. The rates charged by the British Columbia coastwise carriers for such deliveries are sufficiently prohibitive to effectively shut out the foreign vessels from such trade.

As the very best evidence that the order of October 14th, 1920, does not contemplate that foreign vessels shall employ coastwise ships of British Columbia, if competing for cargo for outlying places, I offer the following:

In November, 1920, J. Griffith & Sons Co., of Seattle, quoted direct rates on herring from the west coast of Vancouver Island to Japan. Rates were also quoted by the steamship *Oridona Maru* which was expected to load the fish at a point on the west coast of Vancouver Island November 23rd, and to move same on a quoted rate thence to Japan of $10. At the time the Pacific Conference rate was $10 from Vancouver and the coastwise rates from the west coast to Vancouver was $5, making the total combination to the Orient $15.

"War to the knife and the knife to the hilt" between the shipping interests of British Columbia operating coastwise steamers, and the foreign steamship companies, followed. This was openly admitted in British Columbia and so published. Resort was had by the Canadian companies to order of October 14th, 1920, to prevent the *Oridona Maru* from carrying the fish in question. A dispatch from Vancouver, B. C., printed in papers of the Pacific coast set forth that—

"The regulation of customs in Canada forbids a foreign vessel to call at any port where there is no customs officer, and as many of the points on the west coast have no customs officer, the boat can only call at Alberni and Barclay Sound. To collect the fish at these points the C.P.R. coast boat would have to be utilized as no other company operates a steamer on that coast. The C.P.R. Company under the C.P.O.S. is a member of the Pacific Conference and in strong opposition to the Japanese boats going to the west coast. It is therefore doubtful if the C.P.R. will collect the fish for the Japanese steamer."

Mr. CLARK. The C. P. R. is the Canadian Pacific Railway, the C. P. O. S. is the Canadian Pacific Ocean Service.

In view of the foregoing and other examples, we can hardly be expected to believe that the instruction of the Canadian customs does not apply to exports or imports from the noncustoms ports of British Columbia. That is in the general territory—Vancouver and Prince Rupert—which is under discussion because of the bill now before the committee.

I am informed that the foregoing order was especially solicited by British Columbia shipping interests, and issued for use especially in discriminating against American vessels, by reason of our having passed the merchant marine act, 1920. I do not doubt the correctness of that information.

CANADA NOT INCLUDED IN COMMERCIAL TREATY WITH BRITAIN.

Mr. EDMONDS. Now let me get something clear in my mind. When we make a commercial treaty, say with Great Britain, does she answer for the acts of all the colonies?

Mr. CLARK. I understand that our commercial treaty with Great Britain does not include Canada, so that we should now apply the provisions of the Underwood tariff to Canada as though section 34 of the Jones Act were complied with. Those provisions should apply to Canada now as such application would not contravene the provisions of any treaty, if I am correctly informed. Such application of the Underwood tariff to Canada should have been made from the date of the passage of that tariff act. I have not verified that the commercial treaty with Britain does not include Canada, but based on Canadian official action, I would say it certainly does not bind Canada.

Mr. EDMONDS. All right; now, what is the basic commercial treaty we have with Great Britain to-day, outside of the 1815 treaty?

Mr. CLARK. Our basic understanding with Great Britain, so far as shipping is concerned, gives that country national treatment as to tonnage tax, harbor dues, and flag discriminations. Britain has "most favored nation" treatment by the United States as to "right of entry."

Mr. EDMONDS. All right; we do that in the 1815 treaty, so far as Great Britain in Europe is concerned—no further?

Mr. CLARK. Yes, that is correct; we go no further.

Mr. EDMONDS. Now, as to Canada, Australia, and the other colonies that are virtually Great Britain and that are virtually self-supporting—are they answerable for their own acts, or does Great Britain answer for them?

Mr. CLARK. I am not able to speak with authority on that; but it has been stated to me by those who have looked up the subject that the treaty of 1815 is not binding upon Canada.

Mr. EDMONDS. Well, the treaty of 1815 does not answer for anything but Great Britain in Europe?

Mr. CLARK. No.

Mr. EDMONDS. It is a treaty made covering the possessions of Great Britain in Europe and no further, and it says in there that we have the privilege of dropping in, in case of distress, at certain places in India or Good Hope and some of those places, but it does not answer for them at all. Now, if England does not look after Canada to-day, can Canada pass acts not in accord or understanding with any understanding with England?

Mr. CLARK. If not bound by the treaty with Britain they would be free to act under authority vested in the colony by the English Government. If not estopped by protest from our own Government they may, as in the North Atlantic fisheries, even restrict our treaty rights by laws, orders in council, or instructions issued by the Canadian customs.

Mr. EDMONDS. Could not we, as a country, in those commercial matters, have treaties with Canada, Australia, and all these other self-supporting colonies of England? Why should we let England carry the bag and only cover Great Britain in Europe, and then require us to carry out the law in all of her colonies?

Mr. CLARK. Treaties with any of those countries must be treaties made with Great Britain as specifically applying to the country in question. The colonies may not themselves negotiate and ratify treaties. All such treaties must pass muster before and be approved by the British Board of Trade before they may be ratified. Diplomats and politicians may discuss terms but the Board of Trade must approve, and such approval if given, is based on the treaty particularly favoring British interests, which accounts for our treaties with Britain being so one sided in their favor.

The board of trade follows a policy centuries old, of preventing our encroachment upon British trades as religiously as though we were the original "Dutch," to prevent encroachments by whom, the board of trade was originally devised. We have been "mere babes" in our negotiations of treaties and there is good reason to believe that in some instances our side of the negotiations have not been "Pro Patria."

As a matter of fact, section 34 of the merchant marine act of 1920 should be enforced. That would eliminate shipping restrictions from treaties and place Congress in a position to enact legislation of a character protective of American interests. The administration could then develop new treaties, to be approved by the Senate, which would be more protective of American interests than those now existing. The present treaties were developed at a time when we were particularly interested in being "let alone"; we were not negotiating treaties with the idea of competing with Great Britain in all world trades but only to protect the trades of the United States.

Mr. EDMONDS. We have reciprocal arrangements with regard to shipping with countries with which we have no treaty?

Mr. CLARK. Yes, I think that is correct.

Mr. EDMONDS. Because the reciprocal arrangements with regard to shipping were made under an act of Congress of 1828 which, if repealed to-day, would wipe out the question of whether we could or could not put on a discriminatory duty with those countries?

Mr. CLARK. Then it ought to be repealed and the treaties denounced to leave Congress free to act in legislation for national interests.

Mr. EDMONDS. Because if the act of 1828 were repealed, all the acts under it would be repealed. Now England never removed the disabilities to an American ship until 1848——

Mr. CLARK. Not until 1854.

Mr. EDMONDS. 1854 or somewhere along there, even though we gave her the opportunity in 1828, until she got good and ready she never removed the disabilities from our shipping. The act of 1828 required the President of the United States to issue a proclamation and that proclamation has never been issued, and if we wanted to put a 10 per cent discriminating duty on all English ships to-day, we could do so because the President has never carried out the law in regard to the proclamation.

(The committee thereupon took a recess until 3 o'clock p. m.)

AFTER RECESS.

The committee reassembled pursuant to the taking of recess at 3 o'clock p. m.

The CHAIRMAN. You may proceed, Mr. Clark.

STATEMENT OF MR. W. L. CLARK, REPRESENTING THE NATIONAL MERCHANT MARINE ASSOCIATION—Resumed.

CANADIAN DISCRIMINATION IN FAVOR OF BRITISH SHIPPING.

The application of the Canadian customs order means that a Japanese or American vessel calling with import merchandise at Vancouver destined for some unimportant place upon the coast of British Columbia, applies for a permit to proceed to that port and discharge such merchandise must wait at the port of Vancouver until the Canadian customs officers have communicated with every transportation company under the Canadian or British flag, with headquarters in British Columbia, or which has a ship in those Canadian waters. That may take six months or a year; and if it be found that none of those companies have a ship which could be devoted to work which the foreign ship is proposing, namely, to be permitted to land its cargo at that outlying port of British Columbia, the application may then be referred to Ottawa to be held until such time as Ottawa sees fit to pass upon it and issue instructions.

Mr. EDMONDS. That is only in case the outlying ports has not a customs house?

Mr. CLARK. Yes.

Mr. EDMONDS. Do we not do the same thing in this country?

Mr. CLARK. No; and neither did British Columbia prior to the war. As I understand it, when the subject of the order of October 14, 1920, was taken up with the Canadian customs at Ottawa, attention was by them directed to a Canadian order in council, which it was stated the order of October 14 was intended to cancel. The order in council referred to reads as follows:

"That during the period of war or until otherwise ordered the minister of customs may, under conditions specified by him, authorize collectors of customs to issue licenses permitting the vessels of the United States of America to engage in the coasting trade of Canada."

That meant granting authority to engage in Canadian coastwise trade and to carry merchandise originating at one port in Canada to another port in Canada, for delivery there just as we authorized the same thing in our coasting trade during the war. I doubt, however, whether there is a single instance of a permit of that kind having been granted, first, for the reason that there was no necessity for it. No American vessels were seeking for such opportunity; and, second, had there been an American vessel applying for such permit, Canadian officials could easily have shown there was no justification for such permit or license being granted, because the British vessels available were ample to take care of much more business than was offered.

Mr. CHINDBLOM. Do you know what was the approximate date of that order?

Mr. CLARK. It was an order in council dated February 5, 1918.

Mr. EDMONDS. That is simply in answer to the law which we passed in 1917.

Mr. CLARK. Yes. Now I do not object to their protecting this coastwise trade. I commend them for it.

Mr. EDMONDS. They were doing by the first order exactly what we did?

Mr. CLARK. No.

Mr. EDMONDS. I mean the first order you read—the order in council.

Mr. CLARK. Yes; that is correct. Now the order by the customs of October 14, 1920, does not rescind this order in council which should be the action necessary to protect their coastwise trade. That order has to do with coastwise trade only by indirection, and application, but has particularly to do with export and import trades. We have shown you how they utilized the order to prevent a Japanese ship from carrying export fish from the west coast of Vancouver Island to Japan. Prior to the war it was the policy of both the Canadian and American customs officials, acting under authority, to furnish a customs inspector who accompanied the ship to its destination at a nonentry port, and checked off the cargoes. It is still the practice of the United States customs officials to do that.

Mr. CHINDBLOM. That is, they will check off the cargo in the port which has no customs office?

Mr. CLARK. Yes; but the vessel would be entered at the customs entry port. We also permit a foreign vessel to load cargo for export at a nonentry port and clear from an entry port. The discriminating Canadian order of October 14, 1920, is now before one of the departments for action, based on a letter which was addressed to the Emergency Fleet Corporation. The letter was written the 21st of September. Suggesting retaliatory action as authorized in section 19 of the merchant marine act——

Mr. EDMONDS (interposing). We have all the laws that are necessary to carry that out.

Mr. CLARK. Yes; it has been suggested that under section 19 of the merchant marine act of 1920, the Department of Commerce ought to be requested to issue an order providing that hereafter, and until further notice, any foreign vessel desiring to discharge cargo at a port upon the Pacific coast of the United States or to load merchandise for export at a port upon the Pacific coast of the United States, which is not a regularly established port of entry of the customs shall be required to land or load its merchandise at the customs port.

Mr. EDMONDS. Why any foreign vessels? Why not simply a Canadian vessel? Why not answer their way of doing business yourself?

Mr. CLARK. Many of our treaties with other nations grant them "most favored nation" treatment and we must make the provision general. We have some other discriminations by Japan, which also require such attention. British and Japanese vessels load lumber at Mukilteo, Wash., or other mill port, not a port of entry for the customs, and proceed to Seattle, clearing from there to the Orient, carrying the lumber at rates that cut the announced rates of the United States Shipping Board.

Mr. EDMONDS. Why not do that just against British vessels?

Mr. CLARK. That would be satisfactory to me, if it can be accomplished.

Mr. EDMONDS. England says she is perfectly willing to shoulder all her colonies' laws and everything, why not let her shoulder them?

Mr. CLARK. That would be all right, but, I am inclined to think it must be general. It would affect only Japanese and British rate cutting concerns at present.

Mr. EDMONDS. We do not have to pass any law for that.

Mr. CLARK. No; that can be accomplished under section 19.

Let us consider the Canadian Customs order of October 14, 1920, in the light of the ambassador's statement of November 4 at Minneapolis:

"He will look far to find and will not find proof of the suggestion of Government interference with the course of British trade."

Mr. CHINDBLOM. That did not interfere with British trade?

Mr. CLARK. No; that is true, but how about trade of the United States. The very adroitness of that speech is most remarkable. It was most carefully prepared, and is a gem of propaganda such as described in the book "The Secrets of Crewe House." Take also the statement made by the ambassador:

"I read that American ships have been placed at disadvantage with British ships by British Government action. That statement is not true."

That came from the British Ambassador's lips, followed by a diverting statement regarding bunkering and repairing in normal times; yet in 1916 when Canada sought to gain the fisheries of Alaska and to divert such activities from Alaskan towns to Prince Rupert through official action by the Canadian Government, officials of Canada denied to American vessels the privilege of carrying the American fish from Prince Rupert to Seattle. Subsequently when the American lines were withdrawn, American fish was and now is permitted to move from Prince Rupert to Seattle in British vessels. American ships' competition was successfully eliminated. It does not now exist. Was that action exemplification by "Fair trade and equal opportunity"?

As regards coastwise shipping, it may be pointed out for the benefit of the committee that British Board of Trade reports just prior to the World War, made during the time the speaker was the president and responsible head of that body, show that in the coasting trades of Great Britain 99 per cent of the entrances and clearances of vessels were British and but 1 per cent foreign, while in the interimperial trades, i. e., trades between Britain and its colonies or between such colonies, the foreign ships aggregated but 10 per cent of the total, while British ships aggregated 90 per cent of the total and covered 92 per cent of that business.

How, therefore, could there be far-reaching derangement in the business of non-British shipping when it had been concerned with only 6 per cent of those practically exclusive British trades.

It seems far out of the ordinary course of his duties for the ambassador of a foreign government to be conducting a campaign of speech making in the Middle West about shipping and critical of our shipping laws, unless it were for the purpose of creating the impression that British methods are always "fair" and that American methods are discriminatory.

The statements both as to trade and shipping left a profound impression upon the Minneapolis audience.

Impressionable Americans usually make no effort to analyze or verify what they read or hear, therefore the net result, and perhaps the purpose, of the foregoing and similar statement has been to cause such to disapprove, on the broad principles of the "Golden Rule" legislature necessary for preservation of our national interests, as for instance, the merchant marine act, 1920.

We have been charged with enacting discriminatory legislation in the merchant shipping act. We have been charged with discriminating, but we never have discriminated except against American vessels and in favor of foreign vessels, giving them advantages because they were foreign that we deemed it wise to do in order to preserve the entente cordiale. The British Board of Trade, however, has authority for discriminating such as the Congress has never seen fit to vest in any department of this Government. I will read from chapter 48, 278 6. Edw., 7, of the merchant shipping act of Great Britain.

"78 (1) The Board of Trade may, if they think fit and upon such conditions, if any, as they think fit to impose, exempt any ship from any specified requirement contained in or prescribed in pursuance of the merchant shipping act or dispense with the observance of such requirement in the case of any ship, if they are satisfied that such requirement has been substantially complied with in the case of that ship, or that compliance with the requirement is unnecessary in the circumstances of the case, and that the action taken or provision made as respects the subject matter of the requirement in the case of the ship is as effective as or more effective than actual compliance with the requirement."

BRITISH SHIPPING LAWS FLEXIBLE—UNITED STATES LAWS RIGID.

There you have authority for the British Board of Trade, under which it may set aside any provision of law or regulation effecting ships. In that connection I suggest the desirability of Congress being very slow to enact legislation restrictive of American shipping in foreign trades on the presumption that Great Britain has enacted, or is about to enact like legislation affecting and restricting the shipping of the United Kingdom. If, for example, we were to enact a "bill of lading" law, or legislation affecting our vessels as to applying to marine insurance, or were to enact other load-line laws, or any other legislation restrictive of our shipping in foreign trades, it might prove a "boomerang." Such enactment of restriction might be just and fair, provided it could be applied to ships all over the world. We must remember, however, that even though such an enactment were boldly written into a British statute it is always possible for the board of trade to set it aside in the case of any particular ship that may be

in competition with a vessel of the United States. I do not say such action is always taken, but it is always available of application.

Mr. EDMONDS. I think this committee has always recognized that and that it has tried to pass as little legislation as possible. All this insurance business we have been doing has been taken up with the idea of cooperation, and which can be changed from time to time to meet different situations, and there is no contemplated bill of lading law.

Mr. CLARK. I am glad to know that such measures are not contemplated by committees or Members of Congress. I am well satisfied, however, that there is a very persistent effort by foreign interests looking to legislation of that kind. When the transportation act of 1920 was under consideration there was written into it in the primary stage, at the suggestion of an alleged friend of American shipping a provision which, enacted, would have placed the American ships engaged in foreign commerce under the jurisdiction of the Interstate Commerce Commission, with authority for that commission to suspend rates, and to take such action as it may with rail lines, just as it was contemplated to put the coastwise shipping under that body. Foreign flag shipping would have been free from such control.

You will remember we prevented the success of both efforts.

The minimum-rate control of coastwise ships had been stated by Mr. Clark of the commission to be necessary because water carriers in certain trade made their rates too low. Mr. Clark was at that time chairman of the commission. There was left in the transportation act, however, a provision for a through bill of lading to be issued by rail lines applying only in connection with American ships. There was a most interesting contest later to determine whether the Interstate Commerce Commission or Shipping Board was going to be able to dominate the character of the water transit provisions in that bill of lading.

Mr. EDMONDS. If it had not been for the move made by this committee the Shipping Board would not have known it had any standing there.

Mr. CLARK. I think you are correct, although there were a few of us who were watching that matter very closely.

Mr. EDMONDS. The Shipping Board now realizes it has rights it can take care of.

Mr. CLARK. But let me tell you this: It behooves the members of this committee to continue to watch that subject very closely. When committees made up principally of foreign shipping men are appointed to determine bill-of-lading matters and what shall go into a water bill of lading—when you find such interests seeking, through the medium of the packers and others, to dominate questions vital in the protection of American shipping—it takes a pretty strong hand to prevent them from being successful in their efforts.

We are about to have a disarmament conference. I think it more than likely that foreign interests, before they will be willing to concede a general disarmament program, will desire to discuss matters affecting even our domestic affairs on the grounds that our action makes it necessary for them to arm to protect themselves. One of the things they may be expected to talk about will be transit privileges across the United States for both freight and passengers. If the United States yields its control over transit privileges within the United States, it yields a control necessary in balancing traffic upon its rail lines or in bringing about economic transportation within this country. I simply offer that as a suggestion. I have covered at length before this committee the admission by Canadian Government officials of methods employed to distort rail business of the United States and divert the same to Canadian ports. Unrestricted transit privileges would augment such diversion.

Mr. EDMONDS. What do you mean by freedom of transit privileges?

Mr. CLARK. The privilege to carriers of foreign nations of moving goods and passengers from other countries in bond across the United States or to a point within the country, through such ports as they may choose, instead of such ports as we may determine upon. They have such privileges at the present time, but we have not as yet yielded our right to control the methods by which such transit of merchandise or persons shall be accomplished.

Mr. CHINDBLOM. How would that particular question arise in connection with disarmament?

Mr. CLARK. It should not; it should not be permitted to be discussed; but it is likely to be hidden away in those questions of special privilege which they will say "make for peace," and therefore "against the necessity for armament."

Mr. CHINDBLOM. So far as merchant ships might be used as auxiliaries I can see how that question might arise.

WOULD PREVENT FREE PANAMA CANAL TOLLS FOR AMERICAN SHIPS.

Mr. CLARK. I think before it is finished you may find that many subjects will be introduced which have no direct relationship to armament whatever. For instance, the equalization of port privileges to vessels of all countries. Efforts have been made, I understand, to bring about a discussion of the Panama Canal with a view to preventing free tolls to American ships in the coasting trade, which, of course, has nothing to do with war and armament. It is even claimed in the press that assurances in that connection have already been given, and also in the case of abandonment of enforcement of section 34.

On June 9, 1920, following the enactment on June 5 of the merchant marine act of 1920, there was a meeting in Copenhagen, under the auspices of the British Chamber of Shipping, participated in by 11 shipping nations, the United States not being among the number. Among the subjects arranged for discussion at that meeting was that of equalizing port privileges for ships of all nations in the ports of all countries, in harmony with the "League of Nations" policies.

Mr. CHINDBLOM. Was not the United States invited to be present?

Mr. CLARK. I do not know; but it is certain we were not officially represented.

Mr. EDMONDS. That was the meeting at which they took up the Jones Act, and they did not want us there.

Mr. CLARK. That is right. It was the beginning of a series of meetings which culminated in intense propaganda against American shipping legislation. The Glasgow Herald, in commenting on that meeting, said that if that were accomplished it would forever after be impossible for the United States to again establish preferential tolls for American ships through the Panama Canal. We are "treaty bound" by treaties with hidden meanings such as Congress has had to contend with over a long period of years.

It may also be expected that some one will attempt to find some way to prevent the extension of the coastwise trades to the Philippine Islands. That will likely be a Japanese contention, supported by the British, if they are permitted in any manner to bring that subject forward for disposition or as a trading proposition in connection with question of disarmament.

We may consider that if such subjects are permitted introduction for discussion attempt will be made to protect Canadian railroads in competition with those of the United States, so as to insure to them permanent transit privileges, thus preventing Congress from having control over the subject except through cancellation of the treaty which would naturally follow a disarmanent agreement.

I have no quarrel with a country that protects itself. I have very great admiration for Great Britain in that she protects her business, protects her shipping, and protects her colonies, but I do believe we ought to protect ourselves equally well, and that we should not be restricted from this time forward to the limited shipping we possessed at the opening of the war. We have gone into the pockets of the taxpayers and spent their money, approximately three and a half billion dollars, for ships that were constructed, not for peace service, but for war's purposes, to protect the governments of the world against German aggression. I admire Japan's patriotic protection of the interests of Japanese shipping, and no country was better protected than Japan before the war, with the possible exception of Germany. I admire Germany's progressive and protective shipping policies so far as they were used for self-preservation. She protected her shipping so successfully that it was admitted in this board of trade report to which I have referred that Germany dominated the British conferences and told the British lines crossing the Atlantic the extent to which they would be permitted to participate in the carrying of continental immigrants to this country via Germany, and that such immigrants would be delivered to them in British ports through the medium of two German lines. They kept Great Britain out of the continental ports, so-called, north of France, and that was one of the reasons why Great Britain wants this international transit privilege. I want the United States to protect itself sufficiently to have left something for our own people.

Mr. EDMONDS. But in the League of Nations it was agreed that those transit privileges in Germany and central Europe were to be equally distributed among all the nations.

Mr. CLARK. From statements in the earlier report by the board of trade, made in 1916, it is evident that it was contemplated to cause the Allies to yield their control of transit privileges in their countries, as affecting adversely, British ships. France was to be asked to recognize right of free transit for

persons of other nationality, without prejudice to national treatment for British ships in French ports. His Majesty's Government was to take steps to secure national treatment from Italy for British ships, as the former policy of Italy, if continued, "will drive the British flag out of this business altogether"; also the "right of transit of passengers coming from another country to embark on a British ship should in any case be safeguarded throughout Italy." Steps were also recommended to be taken to insure British ships continuation of national treatment in Greece, especially as regards Constantinople and Salonica.

Mr. CHINDBLOM. Would those transit privileges extend to shipments originating in another country?

Mr. CLARK. Yes; to pass through this country. For instance as regards our own situation. If such transit were permitted indiscriminately without our being able to exercise control over it, Oriental freights landed at Vancouver would go in transit clear across Canada with a short rail haul across the United States to Portland, Me., Boston, or New York, for trans-Atlantic export, or they might come through any Canadian border port for any destination in the United States. We permit that at the present time, but not by treaty. As a matter of fact, this Government now maintains officials at Vancouver to see that shipments through Canada are "sealed and bonded" through to their destination in the United States. Why is that done? For the convenience of Canadian transportation companies and British ocean carriers who are in competition with the merchant marine of the United States preventing by cut rates, including the acceptance of freight payments in Canadian money with no United States tax, movement of such business through American ports via American rail and water carriers.

We maintain in Canada a very extensive immigation organization. It was put there some 30 years ago for the benefit of the Canadian Pacific Railway and has been maintained there ever since at the expense of the United States. Some Americans in the Canadian branch of the service have become so thoroughly denationalized as to their views that not infrequently their recommendations are strongly adverse to American and favor to the Canadian interests, especially those engaged in transportation. This has gone so far that the head of that organization prepared an elaborate brief in opposition to the American contention, that the border ports should be closed to the admission of Chinese because of the iniquitous violations of the exclusion act resultant from the opening of those ports at the solicitation of the Canadian Pacific Railway.

Mr. CHINDBLOM. You mean letting the Chinese in here?

Mr. CLARK. Permitting the consideration of Chinese applications at ports on the border of the United States with Canada. When denied the admission at such border port they may walk across the line. Perhaps after smuggling in they succeed in evading arrest. If not, the United States Government arrested them, and paid the expense of sending them all the way back to China.

I have taken up much of the time of this committee, and I thank you for listening so patiently. You have afforded me opportunity to place before you some of the reasons why we can not have an American merchant marine unless we begin to enforce our own legislation. I have also given you reasons why we ought to wipe out the proviso contained in section 27 of the merchant marine act, which came into that measure through solicitation not initiated in this country but now recognized by all as coming from Canada and intended to benefit Canadian interests. You will do well to let the measure under consideration die in committee, and introduce in the House and pass a new bill striking the proviso from section 27 of the merchant marine act, 1920. That is a first step toward making our coasting trade again exclusively American. Let us "restore the landmarks."

SHOULD REQUIRE BONA FIDE AMERICAN OWNERSHIP OF UNITED STATES VESSELS.

I trust also the committee will see to it that there is introduced and passed legislation requiring actual and bona fide ownership, by natural persons, citizens of the United States, of all the vessels under our flag, not merely a voting stock ownership, but an ownership of securities including bonds. The investment is what controls, not merely those voting puppets who in a "dummy organization are moved by strings from behind the scenes. Make it at least 95 or 100 per cent in coasting trades and not less than 75 per cent in foreign trades. Protect Americans in their ship investments against the secret "knife thrust" by foreign money used in attempts to control adversely an American interest and you will find the people of the United States as "ship minded" as

of yore, as much so as those of any other nation. The reason Americans are not large investors in American ships is because of the difficulties that have heretofore always been interposed between American ownerships and success. Interposed not infrequently through the influence of organizations representing foreign interests upon American shores.

It is not wholly safe to take the recommendations as to legislation of "chambers of commerce" or other so-called "commercial organizations" of our coast cities which have heretofore been the centers of foreign shipping operations. When 92 per cent of our commerce was carried in foreign bottoms, there was built up so-called American organizations with a foreign viewpoint or sentiment as pertains to shipping. Such organizations now urge policies favorable to foreign shipping interests and give little or no thought to the possible adverse effect upon the American people through robbing the country of its opportunity to build a merchant marine which would contribute to American instead of foreign prosperity. Recommendations adverse to protection of United States vessels is "prepared stuff"; propaganda developed for the purpose of bringing the United States into accord with the idea that foreign shipping should be permitted to develop our commerce and that aliens should be permitted to own American flag vessels. "Doing unto others," etc., is not the basis of such recommendations by these so-called American organizations. There is a controlling factor behind the scenes, usually some international financial connection.

A sample of propaganda such as described was sent broadcast to business men of the United States on December 1, 1920, by the American Exchange National Bank of New York City. I offer it for consideration by the committee.

[Extract from the American Exchange National Bank of New York City, Dec. 1, 1920.]

"WHAT OF FOREIGN TRADE?

"Uninformed criticism of the present state of industry leaves the problem of the future of our foreign trade wholly out of consideration. Until the other day we were exporting in value approximately 15 per cent of our total production. This movement had proceeded haphazardly more in response to the necessities of the foreign consumers of our goods than in our own interest. The illiquid character of the credits that made a continuance of our exports possible finally loaded the financial machinery beyond its capacity and it was forced to stop. Up to as late as early in this year we were still being paid for our goods with the funds arising out of our own Government loans to our customers. This source of payment exhausted, we continued to do business on what we hoped was a short credit basis. We only stopped the practice when it became apparent that our calculations had gone awry. We are now confronted with the problem of continuing to find markets for our surplus production and at the same time of furnishing the world with the share of our goods it needs. The question is, Can it be done? In the last analysis there is no substitute for the exchange of goods for goods in foreign trade. The world is now obligated to pay us annual interest that will consume nearly two-thirds of the value of our total imports in 1913.

"Investments in foreign securities and enterprises will not solve the problem, for such investments merely increase the interest burden placed upon our customers and in the long run would become insupportable. We perhaps may have to adopt some such solution as a makeshift, but that is as far as we can go. Except a trifling part, our own securities held abroad and upon which we paid interest prior to the war have been returned to us. We are now carrying a greater part of our commerce in our own ships—at least twice as much. All we have left of so-called 'invisible credit exports' is represented by the remittances of our foreign-born workers and the expenditures of our tourists in Europe. These two items are estimated to total into a considerable sum, but they are negligible before the problem that confronts the country. To make matters infinitely worse, Europe owes us much and has little to send us that we want. The great bulk of our necessary imports comes from countries outside of Europe. We import hides from Europe as well as from South America, especially calfskins, and a great deal of our rubber comes to us via England; but, for the most part, the rest of our imports from Europe are made up of luxuries and competitive manufactured goods. We, on the other hand, furnish Europe with the bulk of its necessities. Our foodstuffs are the main reliance of England, or have been for the last five years. We have also

been furnishing France and Italy with the things that are necessary to sustain life, and there is nothing in the present situation to indicate that we will soon be able to discontinue sending these supplies. The demand upon us will diminish in time, although at its lowest it will still be great. Before the war the United Kingdom drew less than a fifth of its total imports from us, while during the war and since it has drawn considerably more than a fourth of its total imports from this country. France has been relatively as dependent upon this country during the last five years, and so has Italy. If we shut off imports of competitive manufactured goods our exports will suffer and we will increase the burden of our debtors, even if we do not totally destroy their means of payment. Investments in their industries will not represent a solution, for such investments simply mean an increase in the interest burden and a greater demand upon their ingenuity and resource in meeting the payments in goods. There is no analogy between foreign trade as we must conduct it and foreign trade as England conducts it or as she conducted it in the past. Beyond a certain point foreign trade for us is merely a method of laying unnecessary tribute upon the rest of the world. England must trade and carry or move the bulk of her people to land upon which they can sustain life for themselves. England has been called the 'middleman' of the world, and she is just that. If there is economic justification for a middleman anywhere, then England's place in the economy of the world can not be disputed and ought to be supported."

"CHARITY BEGINS AT HOME."

In the closing paragraphs of the statement quoted may be found the motive for the specious argument by this banking house, built upon an only partially correct statement. Let us analyze briefly for example, the statement. "If we shut off imports of competitive manufactured goods, our exports will suffer, and we will increase the burdens of our debtors." For the "burdens of our debtors" we are not responsible, and while we sympathize deeply with the plight of Europe, any financial expression of that sympathy must be by individuals and not by the Government. The responsible heads of this Government are but trustees for its citizens, and have no legal or moral right to distribute in foreign charities taxes wrung from an overburdened people. Large areas of this country have not been rehabilitated since the civil war; counties within sight of the capital lack adequate school facilities for the education of our own children. "Charity begins at home," and this should be remembered by the people and officials of this country when they are confronted by the efforts of propagandists from Europe and their financial agents in this country who seek to have this Government devote war loans to rehabilitating Europe commercially and socially.

As to permitting "imports of competitive manufactured goods," as this banker implies at least, should be allowed, no greater economic disturbance of American industries could confront than would result from flooding our markets with articles manufactured in Europe under conditions of depreciated currency which permits offering them for sale in the United States at prices less than the labor costs of production in this country. There must be barrier against such possibility.

With the wide differences in exchange a matter beyond our control, we can not hope to export our manufactures to Europe. Our foodstuffs they must have, and will find the money to pay for, when once they come to realize that their financial propagandists are to fail in present efforts to have us cancel the $10,000,000,000 debt of Europe to the Liberty bondholders of the United States.

Surely a financial institution such as the American Exchange National Bank of New York City ought to be better informed than to make such statement about our "invisible credit exports." The items included as such are comparable to imports, not exports, and evidence no benefit to us as a people. I wish first to offer in contrast to the un-American position of this New York bank the following expression from English banking circles as reported in Manchester, England, in the Manchester Guardian Weekly, just received in this country.

"LONDON VERSUS NEW YORK.

"Before the war London was the bank of the world and the clearing house of international trade. That was a source of pride to ourselves and of envy to others. Incidentally it brought us in an annual profit which has been estimated

to equal the interest on our present debt to America. How has the war affected London's financial preeminince? The question was discussed by Mr. O. R. Hobson in an address before the Manchester Institute of Bankers, and although his conclusions were tentative they are, on the whole, reassuring. London has lost and is not for some years likely to regain her capacity to meet an unlimited demand for gold. This, which has been supposed to be the first attribute of any place claiming to be the world's financial center, has for the time being passed definitely to New York. The power to satisfy an unlimited demand for gold depends not on possessing large stock—London used to do its financial business on the most slender basis of gold—but on holding the rest of the world permanently in debt and by being able to draw cash from it at almost a moment's notice. America has now a greater lien upon the world's wealth than we have. In spite of these things, London's position has not yet at all events been seriously shaken. * * * She has acquired through centuries of growth, an international outlook which is still foreign to America, and this enables London, even now, to find money for the financing of foreign loans more cheaply than New York can do it, though her vaults are bursting with idle gold. The war has brought great changes, and it has given American finance an unrivalled opportunity. But before New York can step into London's shoes she has still to learn how to wear them."

The British Board of Trade, in a release through the Board of Trade Journal, Jan. 15, 1920, pointed out that $2,433,250,000 of the "invisible exports" of Great Britain for 1920 would consist of net shipping income or returns from British-owned shares in shipping. That is the background of the premier financial position of Great Britain in trade and commerce which the New York banker would have us help to permanently establish for her. Heaven save the country from following such advice.

The statement by Mr. Hobson contains sound reasons and reasoning why this country must adopt a firm financial policy such as will early dispel the thought that we may, under pressure, cancel Europe's debt to us; and argument why we should pattern after successful Britain in matters of international finance.

The statement by the board of trade should teach us that without a merchant marine, we as a nation would cut but a "sorry figure" either in international trade or finance.

The statement in propaganda by the New York banking house may be "found" on one of two counts; either as being the exemplification of an old saying: "A little knowledge is a dangerous thing"; or as a deliberate attempt to deceive the American public for the express purpose of serving the cause of Great Britain at the expense of our national industries. Such statement by an alleged American banking house suggests the desirability of investigation into the prompting motive.

BRITISH SHIPS A NATIONAL ASSET.

If we had approximately two and a half billions of dollars annually coming back to the United States from American ships upon the sea just now it would be a godsend to this country. It would put the country on "easy street."

Mr. CHINDBLOM. You do not mean that two and a half billions of dollars came to England from American shipping?

Mr. CLARK. No; from all English-owned ships, including those they own under the United States flag.

Mr. EDMONDS. Do you mean that amount represented dividends?

Mr. CLARK. That was gross income, less the expenditures in foreign ports, and as against that would come running expenses, insurance, depreciation, and the overhead of the home organization. These facts were not of general knowledge until published as a pardonable "boast" in the Board of Trade Journal, January 15, 1920.

I will place in the record at this point that portion of the report which relates to shipping.

[British (Government) Board of Trade Journal, Jan. 15, 1920.]

"GREAT BRITAIN'S 'INVISIBLE EXPORTS.'

"There always was before the war a considerable gap between the total 'values' of goods imported into the United Kingdom and the total 'values' of the goods exported, including those produced within the British Isles and

those of colonial and foreign origin which first came to us as imports and then were sent away again as reexports. The values of imported goods were, and are recorded as c. i. f. (cost, insurance, and freight), and the values of exported goods as f .o. b. (free on board). These 'values' were, and are, therefore calculated on different bases, but they accurately represented in the one case what we had to pay for imported goods actually delivered at our ports, and in the other case what became due to us for goods shipped at our ports for foreign or colonial destinations. The excess of import values over exports and reexport values is known as the balance of trade. It was always apparently against us—in other words, we always seemed to buy to a larger amount than we sold. On the other hand the balance of trade for, say, the United States, was always in favor of the Americans—they always seemed to sell to a larger amount than they bought.

"Economists have paid much attention to the superficially curious circumstance that although before the war the United Kingdom seemed to buy each year from abroad more than it sold abroad, yet its wealth increased, the foreign exchanges were not often seriously adverse to London, and as a general rule more gold flowed into this country than flowed out of it. The excess of imports, the 'adverse balance of trade,' was clearly being met somehow. The question was how. We had evidently a great fund of 'invisible exports,' which enabled us to buy goods from abroad without exporting actual goods in exchange. For one thing we had half the merchant tonnage of the world and were sea carriers for all nations. The freights paid and due to us gave us a large purchasing power abroad. In respect of our carrying trade we exchanged 'services' for purchasing power which could be employed to buy imported goods. Our shipping companies and bankers, our insurance and discount houses, did a world-wide business and exchanged 'services' for purchasing power abroad. We had great sums, thousands of millions invested abroad—in colonial and foreign loans, railways, industrial concerns, and so on. The annual interest payable to us gave us a further purchasing power. Tourists, especially Americans, flocked each summer to this country and spent much money here—their expenditure became an addition to the purchasing power of the United Kingdom. And so in various ways the balance of trade was much more than accounted for. Not only were we able to meet the apparent excess in our purchases over our sales, but we were able to save money and steadily to increase our investments abroad. Our invisible export, our invisible purchasing power abroad, continually increased during the 10 years or so immediately before the war.

"THE WAR CHANGE—BRITISH INVESTMENTS ABROAD.

"What we propose to do now, tentatively and unofficially, but with as much accuracy as is possible under the extremely difficult circumstances, is to consider the changes directly resulting from the war and to examine the extent to which our 'invisible exports,' our invisible purchasing power abroad, has been affected. The gap which has to be filled—the 'adverse balance of trade'—is much larger now than it was before the war. In 1913 the balance of trade against us was £134,000,000; during 1919 it has been £669,000,000. (Corrected at the normal rate of exchange ($4.8665) for both years these sums would be, respectively, $652,111,000 and $3,255,688,500. The normal rate has been used for all conversions herein.) During the coming year there is reason to feel confident that the 'balance' will be substantially less than it was in 1919. Still it will be large by prewar standards. Fortunately, there are some compensations on the other side of the account—that of the 'invisible exports,' the invisible purchasing power abroad. Shipping freights are enormously higher than they were before the war, and we are still world sea carriers on a substantial scale. The increase in the remuneration for our shipping and insurance services more than balances the loss from investment abroad. Interest is in abeyance on many of the loans to our Allies, and we have borrowed large sums upon which we have to pay interest to holders abroad. These variations and others are taken into account in the following examination of the extent to which previous estimates of our invisible exports need revision; and an attempt has been made to set forth the position for the past year and to anticipate, in so far as it can be done, the balance of trade and the invisible exports for 1920. * * *

"SHIPPING EARNINGS.

"British imports in the published official trade accounts are on a c. i. f. basis and exports on an f. o. b. basis; to bring the account for goods to a proper level the net freights earned by British shipowners in foreign trade have to be treated as 'invisible exports.' Sir Robert Giffen estimated the amount of £90,000,000 ($437,985,000) for 1903, and Sir George Paish put it at £100,000,000 ($486,650,000) for 1910. Sir F. W. Lewis, at the annual meeting of Furness, Withy & Co., gave the total for 1919 at £350,000,000 to £400,000,000 ($1,703,275,000 to $1,946,600,000), and an independent examination of the data suggests that the higher figure is the more nearly correct. No direct information as to earnings is available, but an approximation may be made on the assumption that the freights earned by liners are, in the long run, governed by the rates for time chartering of tramps. It may be estimated that the tonnage of British vessels over 500 tons gross measurement employed in the foreign trade in 1920 will be about 16,500,000 tons gross (less about half a million tons under repair on the average), of which tonnage about 73 per cent will represent cargo liners and the remainder passenger steamers. The present chartering rates for general cargo work are about 60s. ($14.60) per month per ton gross for one-year charters and 45s. ($10.95) for two-year charters. The owners pay for wages, insurance, and stores out of the charter money, and the time charterer for port dues and bunkers.

"Expenditure in foreign ports on stores is a set-off against the payments made by the charterer to British owners, and has to be deducted from the national revenue from shipping earnings. Bunkers and port dues, on the other hand, and any profits made by the charterer in shipping parcel cargoes are additional charges made on the goods carried; the value of foreign bunkers for 1919, calculated on the basis of the average export price of steam coal, will probably not be less than £30,000,000 ($145,995,000), and even if bunkers fall to 40s ($9.73) per ton they may not improbably amount to £35,000,000 ($170,327,500) in 1920. Considering the high cost of running ships, the cessation of repatriation work, and the increases in passenger rates, the earnings of passenger ships should not be less per gross ton than those of cargo steamers; and if deduction has to be made for passage money paid in the United Kingdom by British passengers,' account has to be taken on the other side of the fact that passenger steamers spend less time in port on the average than cargo ships.

"On the whole, therefore, when all the items have been evaluated the conclusion is that £500,000,000 ($2,433,250,000) is a safe estimate of the net amount of shipping earnings for 1920. This may appear a large increase on 1919, but it must be remembered that this year there will be much less cargo carried at low 'bluebook' rates, and even as it is neutral charters are higher than British charters. The mistake must be avoided of assuming that this £500,000,000 represents divisible profits; it does not, for out of it must be met very heavy charges for running expenses, insurance, and depreciation. It is notorious that the cost of wages, coal, and replacement has grown enormously since prewar days. * * *

"There also come into account various other items, such as sales of old ships to foreigners, expenditure of tourists in the United Kingdom, and family remittance from abroad. Before the war these may have amounted to £10,000,000 ($48,665,000) a year, and to-day they may run to £15,000,000 ($72,997,500) or more, but it is safer not to take these items into account, but to treat them as an insurance against overestimates in other and more important sections.

"We can now sum up as follows:

	1919		1920	
	Pounds sterling.	Dollars.	Pounds sterling.	Dollars.
Net income from investments	80,000,000	389,320,000	100,000,000	486,650,000
Net shipping income	400,000,000	1,946,600,000	500,000,000	2,433,250,000
Other services	40,000,000	194,660,000	40,000,000	194,660,000
Total	520,000,000	2,530,580,000	640,000,000	3,114,560,000

The board of trade estimate corrected to August 12, 1920, follows:

"THE FINAL BALANCE.

"Income from investments abroad and from other commercial services may be taken as equally divided between the two halves of the year. We can now sum up the foregoing estimates:

Items.	January to June, 1920.	July to December, 1920.	Total for year.
Net income from investments abroad	£60,000,000	£60,000,000	£120,000,000
Net shipping earnings	230,000,000	210,000,000	440,000,000
Other services	20,000,000	20,000,000	40,000,000
Total "invisible exports"	310,000,000	290,000,000	600,000,000
Excess of imports of merchandise, coin, and bullion	240,000,000	180,000,000	420,000,000
Balance	70,000,000	110,000,000	180,000,000

Mr. CHINDBLOM. That is, it took the place of production?

Mr. CLARK. Yes, and guaranteed England's financial position just as ours may hereafter be guaranteed if we possess wisdom to profit by experience and insure our place in the shipping of the world by firmly establishing an American merchant marine.

In the course of the prosecution of the war we paid foreign ships as high as $6.75 per case for freight from New York to Havre—the canned tomatoes used by our boys in the trenches to slake their thirst. We would never have been required to do that had we in the past pursued a proper policy as regards our own shipping. We have purchased experience at extravagant cost and should profit by it and conserve our present advantage in ships for future emergency. Six dollars and seventy-five cents per case is a pretty extravagant price to pay for the carrying tomatoes to Havre.

Mr. CHINDBLOM. Twenty-four cans to a case, I suppose?

Mr. CLARK. I wish to introduce in the record a letter from the Chamber of Commerce, signed by Malcolm Stewart, manager of the Foreign Trade Department of that body, to Joseph E. Ransdell, president of the National Merchant Marine Association, also regulations passed by that body. It is an urgent appeal to shipping and other organizations of this country and the general public to get back of the merchant marine act of 1920. The letter directs attention to the prewar discrimination by foreign shipping against American commerce and points the moral—the necessity of hereafter being prepared by having our own merchant marine.

CINCINNATI CHAMBER OF COMMERCE,
Cincinnati, Ohio, September 20, 1921.

Hon. JOSEPH E. RANSDELL,
President National Merchant Marine Association,
Washington, D. C.

DEAR SIR: Your representatives were here to-day and interested us all greatly in the various points brought out by them. We feel more strongly than ever the need of backing up our merchant marine by constructive and organized efforts and we feel sure that the meeting of all the mid-West cities to be held here on October 7 can be of very material assistance in the cause.

The speakers to-day, however, were not quite definite enough on certain points which are of vital consequence to the agricultural and industrial centers of the Middle West. We are, therefore, venturing to write direct to your organization for further light.

You understand, of course, that we—and here we speak for our agricultural interests and for all the great cities of the Middle West as well as for Cincinnati—are primarily interested in the development of an American merchant marine as a means to extend our foreign trade rather than as an end in itself. We, therefore, approach the problem from a slightly different angle than do the various interests on the seacoast. We approach it from the standpoint of the manufacturer or farmer whose products must compete in the markets of the world rather than from the standpoint of the shipowner whose company must earn dividends.

The last decade has taught our exporters two fundamental lessons, neither of which can we ever forget. In 1914 we were taught what it meant to have no American merchant marine at all. We saw the foreign lines on which we had formerly depended take away their ships for war purposes. We saw ocean freight rise out of all reason. We saw our exporters taxed vast sums of money to pay this extra freight to get their goods to foreign markets—a tax absolutely due to our failure to create an adequate merchant marine of our own to use in foul weather as well as fair—in war times as well as peace. And as a result of that lesson we determined that we must never again depend on foreign ships, but that we must have a 100 per cent American merchant marine.

Our second great lesson was learned after we had entered the World War, when we saw such congestion on the trunk lines leading to the north Atlantic ports that our private railroad transportation system broke down and our National Government was obliged, in order to get troops and supplies to our armies at the front, to take over the operation of the railroads and direct shipments through other ports; and again in 1920, when we saw congestion of the worst kind in north Atlantic ports and empty harbors along the rest of our coast, and when our manufacturers lost untold sums of money because of the delays involved in this congestion and because of the actual shutdown of our plants and the stopping of our industries. And as a result of that lesson we determined that we should never again be forced to pay tribute to any one port or ports, that we should never again be forced to ship through "the neck of the bottle," and that adequate service must be developed from all our ports—Gulf, south Atlantic, and Pacific, as well as north Atlantic.

We organized in support of these two general principles and we fought for them. All of the large cities of the Middle West, including Chicago, St. Louis, Kansas City, and ourselves, appeared before the Senate Committee on Commerce while the merchant marine bill was being prepared. The principles for which we fought were incorporated in the Jones bill. Teeth were put into the bill to enable us to compete with foreign nations; and specific provisions were included for the establishment and maintenance by the Government of trade routes from our various ports until the trades could be developed to such an extent that the private companies could take over the ships.

It is in connection with these two fundamentals that we wish to remove any possible ambiguity if we are to cooperate with you and with the United States Shipping Board and with the shipping industry in general.

In their speeches to-day your representatives emphasized the need for freeing our merchant marine from foreign control, of building up a 100 per cent American merchant marine, and of enforcing sections 28 and 34 of the Jones Act. They said little, however, about enforcing section 7 or about the absolute need of building up the trade routes as provided for in that section in order to prevent a recurrence of the congestion and consequent financial losses of 1920.

We assume from your having accepted our invitation to cooperate with us and from a study of the resolutions adopted by you last January that your organization is in favor of both of these principles which are incorporated in the Jones Act. We are not quite clear in our minds, however, as to the present attitude of the Shipping Board or as to the attitude of the shipping interests on the seacoast. We wish to cooperate actively with the Shipping Board and with the shipping interests in building up a merchant marine, but we must be sure that they are working for the same general ends as are ourselves and that they are unequivocally and definitely in favor of the carrying out, first, of these provisions of the Jones Act, which were inserted expressly to enable our ships to meet foreign competition, and, second, those provisions of the Jones Act which were intended expressly to give our manufacturers and farmers adequate and regular service from the Gulf, south Atlantic, and Pacific ports, as well as from the north Atlantic ports. Vague threats of retaliation by foreign countries do not frighten us of the Middle West; nor are we frightened of the possible temporary losses to the Government which may accrue while the trade routes are being built up to such a point that the ships can be chartered or sold to the individual companies developing the routes. It is real economy to save money by eliminating graft, waste, and inefficiency. It is a very false economy to save money by stopping the development of the trade routes expressly provided for by the Jones Act, which constitutes our only insurance against the staggering financial losses caused in 1920 by the freight congestion at the north Atlantic and the consequent paralysis of our transportation and our industrial systems.

In order to get this matter definitely cleared up before our large meeting on October 7, so that we may throw ourselves at that time whole-heartedly and eagerly into the struggle to maintain an American merchant marine in cooperation with yourselves, the United States Shipping Board and all other organizations interested in the matter should appreciate it deeply if you would transmit copies of this letter to the United States Shipping Board and to the three organizations which, as we understand it, represent the shipping industries of this country—namely, the American Ship Owners' Association, the United States Ship Operators' Association, and the Ship Builders' Council. We should appreciate it if you would also take this matter up personally and at once with the Shipping Board and with these organizations, requesting each of them to send us definite assurance as to their attitude on these two principles contained in the Jones bill, before our meeting on the 7th.

If we receive from them satisfactory and specific assurance on these two points before that time, you can assure them that we will do all in our power from then on to help them and you in developing an American merchant marine; and that, if experience proves that additional legislation be necessary to enable our ships to compete successfully with foreign ships, we shall gladly join with them and with you in working out and in supporting such measures as may be necessary to secure this end.

Trusting that you will give this matter your immediate attention,

Very truly, yours,

MALCOLM STEWART,
Manager Foreign Trade Department.

RESOLUTIONS.

[Resolutions constituting "The appeal of the Middle West for the establishment of an American merchant marine" adopted at Cincinnati, Ohio, on October 7, 1921, at a meeting of the chambers of commerce of the Middle West held under the joint auspices of the Cincinnati Chamber of Commerce and the National Merchant Marine Association.]

Whereas the excessive ocean freight rates and the shortage of ocean transportation, caused in 1914 by the withdrawal of foreign ships, on which we have heretofore relied to get our product to foreign markets, cost our producers and shippers of the Middle West large sums of money; and

Whereas the congestion of traffic and the consequent paralysis of our transportation and industrial systems, caused in 1919 and 1920 by our continued attempt to ship the great bulk of our exports through the "neck of the bottle" at the North Atlantic ports, cost us similarly large sums of money; and

Whereas, during the World War this dependence on foreign tonnage and this congestion at North Atlantic ports so overburdened our transportation system as to render it almost impossible to get troops and supplies to Europe, this jeopardizing our chance of victory and our national safety; and

Whereas these great lessons of the last decade have taught us the absolute necessity of an adequate and properly distributed American merchant marine, not only as a means of maintaining and extending our foreign market but also as a measure of national defense; and

Whereas the Jones Merchant Marine Act of 1920, passed almost unanimously by Congress, has certain provisions specifically intended to enable us to maintain a merchant marine in spite of foreign competition, namely, sections 28 and 34, which provide respectively for preferential rail rates and preferential import duties on goods carried in American ships; and

Whereas the Jones bill has also certain provisions, namely, sections 7 and 8, specifically intended to prevent a recurrence of the congestion of 1919 and 1920 by providing for the establishment and maintenance of trade routes from the Gulf, South Atlantic, and Pacific ports, as well as from the North Atlantic, to be operated by the Government if necessary when at a temporary loss until the trades can be built up to such an extent that local companies can charter and subsequently buy the ships used on such routes, thus interesting a larger number of people financially in our merchant marine, and thereby extending and developing the market for the ultimate sale of our Government-owned tonnage; and

Whereas it would be a very false economy, as well as a violation of the Jones bill to attempt to save money by tying up ships to such an extent as to cripple or handicap in any way the development of these trade routes in particular, or of any adequate steamship service in general; and

Whereas we feel that the carrying out by the Government of these specific provisions of our existing merchant marine act is the first necessary step for the establishment of an American merchant marine; and

Whereas we feel that there can be no hope of a real development of an American merchant marine unless, as expressed by President Harding in his letter of September 20, 1921, to the National Merchant Marine Association, a national attitude of mind shall be developed and sustained in sympathy and understanding with the efforts of the Government to establish such a merchant marine.

Therefore we appeal to the President, to Congress, and the United States Shipping Board:

First. To cooperate actively and whole-heartedly in carrying out sections 28 and 34 of the Jones bill, so that we may no longer be subject to the danger of a repetition of the financial losses inflicted upon our producers and shippers in the Middle West as a result of the excessive ocean freight rates caused by the withdrawal of foreign ships in 1914.

Second. To cooperate actively and wholeheartedly in carrying out sections 7 and 8 of the Jones bill, providing for the establishment of trade routes from the Gulf, South Atlantic, and Pacific ports, as well as the North Atlantic ports, so that the producers of the Middle West may no longer be forced to ship through the "neck of the bottle," at the North Atlantic, and may no longer be subject to the danger of a repetition of the financial losses inflicted upon them as a result of the congestion of 1919 and 1920.

Third. To cooperate actively and wholeheartedly in working out a plan whereby an adequate fleet of tramp steamers and an adequate number of tramp-ship operators can be maintained in readiness to meet promptly the fluctuating demand for tonnage caused by the seasonal movement of many of our exports of largest volume, particularly our agricultural products, which are now in large part carried on foreign ships.

Fourth. To make an immediate and impartial study of our present laws affecting shipping, and of the operation of our fleet under these laws, with a view to the repeal or amendment of any legislation that may be unduly hampering the development of our merchant marine, and with a view to the passage of such additional legislation as experience may prove to be necessary for the development of our merchant marine in competition with foreign fleets, and

Further, we appeal to our exporters and importers:

To cooperate in the establishment and maintenance of an American merchant marine by specifying that their shipments should, wherever possible, be carried on American ships; and in order to make this practicable we urge the representatives of the industries controlling the largest volume of our imports and exports to confer at once with the Shipping Board and to cooperate with the board in working out ways and means wherever necessary by which they can obtain as satisfactory rates and service from American ships as they can obtain from foreign ships; and

Further, we appeal to our bankers, particularly to those who are financing foreign shipments:

To cooperate in the establishment and maintenance of an American merchant marine by using their influence in every legitimate way on our exporters and importers to persuade them to ship in American rather than in foreign bottoms; and

Finally, we appeal to the rest of the Nation—to the Pacific, the Gulf, the South Atlantic, and the North Atlantic States, and to the National Merchant Marine Association, and to all other organizations interested directly or indirectly in the development of the American merchant marine to cooperate with us of the Middle West in the carrying out of this program.

ADDITIONAL RESOLUTIONS ADOPTED AT THE CINCINNATI MEETING.

Whereas we of the Middle West have to-day drawn up and adopted a prograc which we believe if carried out will help in the development of an American merchant marine; and

Whereas we believe that it is vital to the interests of the Middle West and to the entire Nation that this program should be carried through to completion: Therefore be it

Resolved, That a special committee shall be appointed forthwith whose duty it shall be to follow up the various matters covered by this program with the President, with Congress, and with the United States Shipping Board, with our exporters and importers, with our bankers, with the other parts of the country, and with the National Merchant Marine Association and all other organizations interested directly or indirectly in the American merchant marine, and that said committee shall have power to increase its membership and to determine its own procedure.

Mr. EDMONDS. There is one thing I would like you to do before you close. The other day, I think it was, Mr. Sutherland spoke of shipments going into Vancouver and being delivered under this act, as it stands at present, to Pacific coast ports, but being restricted as to Alaska. Do you remember that?

Mr. CLARK. I remember that.

Mr. EDMONDS. I would like some explanation in regard to that and whether there is much to it.

Mr. CLARK. In the early days there were a great many shipments that went that way, but not in Canadian ships.

Mr. EDMONDS. You mean went from Vancouver?

Mr. CLARK. They went from the eastern ports of the United States via Vancouver.

Mr. EDMONDS. And over to British Columbia, and were then delivered to San Francisco?

Mr. CLARK. Yes; but delivery from Vancouver to San Francisco was by United States vessels. The course of the merchandise movement was thus diverted away from American westbound rail carriers. There is no such through route and rate approved or recognized by the commission as will permit Canadian ships to so handle United States business in that way at the present time.

UNBALANCED TRAFFIC MOST UNECONOMIC.

In my opinion, gentlemen, Congress has an extreme problem in our railroad transportation. You must bring about balanced traffic if you are going to have success in either domestic manufactures or in manufactures for foreign trade. Balanced traffic means economy in operations as related to revenue, and consequent lower freight rates. If you can move an equal amount of business east and west or north and south you could cut nearly in half a rate based on movement one way only.

Mr. EDMONDS. Did we not have economical transportation when Mr. McAdoo ran the railroads?

Mr. CLARK. We had increased unbalance in traffic, which extended from the Atlantic to the Pacific, so that every eastbound shipment necessarily paid for half as much mileage for westbound empty car movement. The same applied to north and south shipments.

Mr. EDMONDS. Did not Mr. McAdoo improve that?

Mr. CLARK. I have not seen evidences of the improvement, though an export control committee of the railroads was able to bring about a better consideration of ports other than New York for handling exports during the war.

Mr. CHINDBLOM. The railroad cars were purposely routed south because they went back empty?

Mr. CLARK. They went south empty because exports principally went via New York. In the north and south and in the east and west we had unbalanced traffic. That unbalance increased the relative cost of handling such traffic. When you increase the cost of transportation you increase the cost of living expenses, which reacts in increasing manufacturing costs, which limits your opportunity to sell in competition with goods produced by aliens in foreign lands, and thus you limit the opportunity of our merchant shipping in export trades. A sort of "House that Jack built" progression of cause and effect.

Such condition is wholly objectionable, wholly uneconomical and the British Government contributed to that congestion by forcing uneconomic movement of transpacific shipments via New York, preventing its westbound movement. That is a matter of record in the hearing of 1917.

Mr. CHINDBLOM. And you believe that was done deliberately?

Mr. CLARK. I have reason to know, because the representatives of Britain in the United States handling the transportation of that merchandise so expressed

themselves, that it was done against their earnest recommendation to the contrary. Subsequent to the time that I put such statement in the 1917 record, I was solicited by those same people to make statements to Washington officials that conditions had greatly improved and that not so much of the Vladivostok business was being sent via New York.

I want to add to this record a very excellent statement made by an American consul. It is one of the most concise statements made with regard to the necessity of preserving our American merchant marine, and bases his comment upon section 28 of the "Jones law," he calls it.

Mr. CHINDBLOM. What is his name?

Mr. CLARK. His name is not given, but the statement is published in the American Bureau of Shipping for July–August, 1921. Note particularly his closing statement.

"A PLEA FOR THE ENFORCEMENT OF SECTION 28 OF THE JONES ACT (BY AN AMERICAN CONSUL).

"America, and by that I mean the American people, has, I believe, at last come to the wise conclusion that an American merchant marine is a paramount necessity; and a goodly number of men in the foreign field, still struggling under tremendous handicaps, know that unless proper legislation is enacted to protect our merchant fleet, that American ship owners and operators will briefly be forced to bow to the inevitable, and our merchant marine will become atrophied.

"If one will look back over the history of American industry in general and American coastwise shipping in particular, it will be brought forcibly to one's vision that these enterprises have been able to start, later to grow, and still later to prosper, largely, and I might say entirely, because of the enactment of protective legislation, and the foreign press, whether within the United States or out, predicted retaliatory measures that were going to be the ruin of our commerce, and even the industry itself. Deep down in the heart of that propaganda, however, there was a certain well-deserved respect for our wisdom, coupled with a certain surprise that we had been so long backward.

"Every modern nation is to-day looking after its trade routes, and the so-called world powers are the very ones who guard their interests most zealously. It is by this means that world powers are largely made, and by this means only are they allowed to continue. The very nations that so acrimoniously criticize our merchant marine act are the very nations that could not even exist if they did not hold special concessions and trade advantages that allow no loopholes for an American merchant fleet to prosper in foreign waters.

"It needs only a preliminary investigation of the control of world commodities to ask the question: How many world commodities does America control outside of her own borders? To commence with, Chilean nitrate is controlled in London; the price of cotton is fixed in Liverpool; the price of silk in Milan, Lyon, and Tokio; the price of jute in Glasgow and Calcutta; the price of diamonds in Johannesburg; the price of wheat in Liverpool; the price of furs in Leipsic; the price of cargo space in London; the rate of marine insurance in London; and the exchange rate of the entire world is fixed in that city. Why has this condition existed, and why does it still exist? The reason therefor is not difficult to unearth, although the remedy therefor may trouble the best minds of our business world for years to come.

"To visualize locally, to control, or even influence a market in any of the trade centers of the United States, personal representation at these centers is absolutely indispensable. Cotton buyers, hog buyers, cattle buyers, produce buyers, etc., are so commonplace as to be no more noticed. It is such buyers in a magnified light that not only control commodities but they control cargoes, freights, and the foreign trade of the world. Foreign producers do not expect Americans to control their products; but they expect to control the products of Americans. What German, for instance, would think of an American fixing the price of aniline dyes? What Britisher would believe that an American could control the price of woolens? What coal interests in either Wales or Australia would tolerate American interference in the price of their coal? Yet we see that foreigners come to our shores to buy our products and to sell theirs, collecting a profit both ways, while Americans do neither, not because they do not want to but because they can't.

"Everyone who has dabbled in export trade will have seen at a glance that our merchant marine depends on foreign trade; few of these export dabblers

have, however, discovered that export trade also depends on a merchant marine. Many of our exporters have been misled by the trade we received during the war, at a time when other markets were closed and ours stretched wide open. This easy and prosperous condition could not and has not continued. One by one we find ourselves shut out of a market on certain commodities. German hardware, Scotch woolens, Manchester cotton goods, Welsh and Australian coal, French silks, Japanese notions, etc., are returning to their old haunts. Why does this condition exist? The answer is not found in superior goods or superior packing; not in lower prices or lower freight rates, but in the fact that our buying and selling organization of every world commodity is in foreign hands, who are now placing their contracts with their own nationals, and that the minor articles follow the trail of the major commodities. Foreign buyers who buy our coal, our lumber, our cotton, our foodstuffs, etc., are given every facility in the United States. They transport their raw materials to foreign lands, and when these goods are manufactured they are given every advantage that experience, credit terms, and quick dispatch can supply. When our products reach these very same markets they are loaded with every handicap that studied evasion of the law and illegal tactics makes possible. This is possible only because there is no American trading organization abroad to prevent this handicap, and such organization is not possible until we have a well-managed merchant marine.

"America's strategic position in the shipping world is undoubtedly the equal of any other country. We have harbors, dock facilities, rivers, railroads, canals, and in fact everything that is necessaary to make us a shipping nation. The greatest output of coal in the world is within our borders, and fuel oil, the modern marine fuel, is also in our grasp. What then prevents our world progress in shipping? The answer is competition. Every country of Europe has had its merchant fleet. Many of them have been secured by conquest and maintained by armies, navies, and money, for centuries. Their organizations now with more peaceful methods, but with no less cunningness, are doing everything possible to prevent American success. The success of our merchant marine does not depend on crews, seamen's laws, or wages. Cargo is the magic word that spells profit, and is the element that makes the operation of a vessel remunerative. To-day we have foreign interests maintaining lobbies at the very doors of our Federal Government, offices in all our ports, and connections in every part of the world. They compete with our agents in our own ports, and prevent them from spreading to theirs. It is an organization that has been fed on special privileges and concessions for generations, and no signal American interest could break it down. It is not by chance that we see European vessels arrive at our ports loaded to the Plimsoll with cargo; it is not by chance that these same vessels pick up a load of general cargo at our ports; it is not by chance that foreign vessels operate trade routes not only between our country and theirs but between our country and other countries, and chance alone can not force an opening for us in this carrying trade. America never has and never will want to take away the carrying trade of other countries. What America needs is simply to keep its own—not only because it is a profitable economic activity per se, but because much of our future prosperity thereon depends.

"We to-day own a merchant marine of formidable size and great possibilities, but we do not and can not control it. Although happily we have the United States Shipping Board that has performed stupendous tasks, and a man at the head of it working indefatigably and sagaciously for our merchant fleet, the fundamental difficulty is that we have no organization in foreign fields. Foreign competition has made our presence in foreign ports a prime necessity, but foreign competition also makes our appearance there under present conditions impossible. Broadly speaking, we are the biggest producers and the biggest buyers in the world. The question then arises: Have we the moral right to possess and the legal right to operate our own delivery system? The writer thinks we have; and he thinks we are blindly foolish if we do not. Germany, Austria, Japan, Holland, etc., have all fed their shipping, and their export merchants. Great Britain has left no stone unturned in her effort to control the world's trade. Each and every country does its utmost to protect its merchant fleet, and is retarded in its effort only by the 'chess moves' of other nations. Only yesterday we saw our paper-pulp industry pass from our hands to Canada; only to-day we learn that the Jamaican Government has proposed that vessels flying the flags of New Zealand, Australia, or Canada may enter Kingston without port dues; and a hint of foreign tactics is found

in the attitude of our allies in Mesopotamia and the proposal to exact a duty of 12 per cent on German exports. If we were to cross the Atlantic we would find so many governmental regulations for the protection of the very competition that is directed against us that we would become alarmed at our failure to do likewise. Our only salvation is in section 28—not only because there is preponderant foreign element in control of our shipping, but because many Americans who ought to protect our interests lack the foresight and patriotism to work for our merchant marine. Put a preferred freight rate on incoming and outgoing cargo in American bottoms and our interests will immediately become theirs; for no ship operator, either national or foreign, would dare risk the loss that shipment in foreign bottoms would then entail. Such a step could work no hardship either on our industry or our people, but would tend toward the improvement and prosperity of both.

"What then prevents us from applying section 28 for the benefit of our suffering trade and fleet? Haven't we the prerogative of increasing freight rates within our own borders? Haven't we the right to share in the delivery of the goods we buy and those we sell?

"American investors are asked to send their wealth to foreign lands, to save the money that has already been invested there, to build up our banking system, and to assist our merchant marine. We have no right to expect their compliance unless we assure them a fair deal. Moreover, with money sent abroad for investment must go our own nationals, but neither can go unless adequate legislation is put into effect. We must not subject them unprotected to that alien force which centralization and the momentum of an early start has made so powerful.

"Prewar disadvantages kept us a debtor nation; war opportunities reversed the situation, and failure to enact postwar measures and safeguard our merchant fleet will make us again a debtor nation. America, rich in natural resources, is draining them—not for the world, but for a single group of nations selfishly inclined and imperialistically bent, and wise has been the man who has seen the danger to America. That danger, however, lies not in putting into effect section 28, but in our failure to do so. For with that failure would go, not only our merchant marine but our marine insurance, our exchange market, our chartering market, our overseas investments, our foreign banking, and the most profitable portion of our foreign trade."

CUNARD LINE OBTAINS STANDARD OIL CONTRACT BY CUT RATES.

Perhaps the most presistent objectors to American ownership provisions of the merchant marine act and as well the most persistent to bring foreign-flag vessels into the coasting trade of the United States, was the Standard Oil group; and it will be remembered that there was called a special meeting of this committee to listen to the objections voiced by Col. Hayes, and members of the American Steamship Owners' Association who came with him, to those provisions as in the measure passed by the Senate. Reading the New York Journal of Commerce, I see that the Cunard Line has won a ten million case contract from the Standard Oil at a cut rate. Now the Cunard is the British Government operating line. Not a dollar of foreign capital is permitted to be invested in the Cunard Line. Recently, when that company desired to raise money, the British Government placed ahead of its own claims upon the Cunard Co., the bond issue to be sold by the Cunard Line to British subjects, so that the bond issue should be the premier financial claim upon that company.

Had the Cunard Line cut the rates of the conference in order to hold to a British ship, shipments destined to Great Britain, they might have justified such action; but this oil is not destined to Great Britain—but to the Near East; the Mediterranean, Black Sea ports and North Africa, the direct trades of the United States, and the indirect trades of British shipping. The Cunard Line rate is stated to be far under the conference rates for those trades. The business was divided; part of it was awarded to Funch, Edye & Co., but the main part of the business went to the Cunard Line.

Mr. EDMONDS. When was this; recently?

Mr. CLARK. The announcement is made to-day. With your permission I will read it into the record:

"What is believed to be the largest contract ever closed for the transportation of cased oil overseas was signed yesterday by the Cunard Steamship Co. and the Standard Oil Co. The agreement calls for the carrying of 7,000,000 to 10,000,000 cases of oil to ports in three groups."

Mr. CHINDBLOM. What are the groups?

Mr. CLARK (reading). In the first group to which shipments will be made are Fiume, Vole, Patras, Piraeus, Salonica, Smyrna, and Constaninople.

This group thus embraces the Adriatic, Piræus, and Levant.

"The ports of the second group are Constantinople, Varna, and Bourgas, all in the Black Sea service.

"In the third group are Bierut, Alexandria, Tripoli, and Messina in the Mediterranean and North African services.

"It is understood that there were three bidders, including the United States Shipping Board, but the Cunard price was several cents below the other bids.

"There was a report also that a second contract for a large quantity of cased oil for South America practically was closed with the Kerr Steamship Co. and Funch, Edye & Co. the successful bidders. The life of this agreement is understood to be for six months.

"Two other large contracts are pending, details of which have not been made public."

Mr. EDMONDS. Was that from New York?

Mr. CLARK. From New York. [Continues reading:]

"It was only a short time ago that the shipment of 200,000 cases of oil to the Continent at a price considerably under the conference rate resulted in that rate being thrown wide open. The Scandinavian-Baltic rates promptly followed. Thus far there has been no reduction in the Black Sea, Mediterranean, or Levant rates, but the action yesterday has resulted in a call for a special meeting of some of these conferences this morning. The lines belonging to the Black Sea and Levant conferences will meet and it is probable that the Mediterranean lines also will discuss this latest development. The Cunard rate is far under the conference rates in these services.

"When the United States Shipping Board recently made an issue of the Liverpool conference on the Egyptian cotton cargoes it was predicted in shipping circles that the reply would not be long delayed. The action taken by the British company in naming a price which it is held must show an actual operating loss was interpreted at meaning that an open rate war was begun for the carrying trade of the world.

"Not less interesting were the comments as to what the giving of the contract by an American corporation to a foreign flag might forecast as the attitude of American industry toward an American merchant marine. One well known operator said last night that 'business is business. It is not sentiment but a selfish question of dollars and cents.'

"'If a foreign flag vessel will carry goods as efficiently and more cheaply than an American flag ship, goods will move from this country to other parts of the world in foreign bottoms,' he continued. 'You can not establish an American merchant marine by waving the flag. Give the service at the price and you will get business. That and that alone is the determining factor.'

"In this connection it was said in shipping circles that it was believed the rate made by the Cunard Line was below the actual cost of transportation."

Now it is not surprising that a line subsidized by a foreign government, the principal operating line of such government, should make rates below the actual transportation cost in a war against the Shipping Board or other American vessel owners. They undoubtedly believe that the British propaganda waged against the merchant marine act, 1920, has been sufficiently effective to prevent Congress from financially backing American shipping until it forces "compromise" from foreign shipping. I do not believe any such thing; I think Congress only needs to know the facts to cause it to clarify adverse situations, and establish control over American commerce of a character protective of American shipping on the seas.

Mr. EDMONDS. Do you contend that the Cunard Line is subsidized at the present time?

Mr. CLARK. Not heavily, but I know this, that the claims of the British Government were set aside by a specific circular—in the interest of the claims of the bondholders which were allowed precedence. I have something here, I think, bearing on your question. The Cunard Line is owned in part by the British Government.

Mr. EDMONDS. Only so far as the British Government have taken their bonds or backed them up in building some ships; that is all. The British Government does not get anything out of the profits of the line, does it?

Mr. CHINDBLOM. It is a stock company?

Mr. CLARK. Yes; it is a stock company.

Mr. CHINDBLOM. An English corporation?

Mr. CLARK. An English corporation.

Mr. CHINDBLOM. Do you know whether the English Government owns any of the stock?

Mr. CLARK. I am looking for the data on that subject.

Mr. EDMONDS. What are you going to read from now?

Mr. CLARK. I am going to read further from the statement by the British ambassador and offer facts in contrast, to show that not only does the British Government have an investment in the Cunard Line but that it does subsidize shipping.

Mr. CHINDBLOM. Who says this?

Mr. CLARK. Sir Auckland Geddes made this statement on the 4th of November last, at Minneapolis, in continuation of statements already quoted, as follows:

"I see it stated that the British Government subsidizes British shipping. That is incorrect and conveys a false impression. * * * Some of the Dominion governments have paid money to British lines in return for services via high-speed mail steamers, but such special payments for services rendered are only in a remote sense subsidies."

Now these are some of the actual practices we offer in contrast:

(*a*) Direct service heretofore maintained between England and West Indies by the Royal Mail Steam Packet Co. has been discontinued. Charles W. Davis, United States consul at Georgetown, British Guinea, states the reason in the refusal of the British colonies in the West Indies to grant a subsidy of £100,000 demanded by the company. He also states that the British Government offered to assume three-fourths of the required total.

The claim is that they do not subsidize, but they have in their board of trade a department that deals with subsidies of shipping, notwithstanding.

(*b*) Extract from report of public moneys invested in registered companies by the British Government, submitted to the House of Commons August 5, 1920, in response to a resolution of that body passed March 30, 1920, transmitted by Consul General Robert P. Skinner, October 2, 1920. Name of company, Cunard Steamship Co.; amount of investment, £2,600,020; date of investment, October 1, 1904, June 1, 1907.

(*c*) Contract dated November 15, 1915, between Right Hon. Herbert Louis Samuel, M. P., His Majesty's postmaster general, and the Ocean Steam Navigation Co. (Ltd.), provides for the payment of an "annual subsidy of £70,000" and "an annual subsidy of £2,000."

Mr. EDMONDS. That is a post-office subvention.

Mr. CLARK. It is what we would call a subvention, but they call it a subsidy. It is called "subsidy" in the contract. Those items indicate that, to say the least, the British ambassador was not quite frank in his statement before the people of Minneapolis who were presumed to know nothing about the subject.

Mr. CHINDBLOM. I presume it can be ascertained how much of that bond issue was used for the Cunard Line that you spoke of a few minutes ago?

Mr. CLARK. That bond issue was wholly for the Cunard Line; it was a Cunard Line bond issue.

Mr. CHINDBLOM. How was it used?

Mr. CLARK. It was to be used in expanding and developing the Cunard Line service.

Mr. EDMONDS. That is a very small amount of investment as compared with the total investment in the Cunard Line.

Mr. CLARK. Yes.

Mr. EDMONDS. They got $70,000,000 alone from the Shipping Board here, did they not?

Mr. CLARK. Something like that.

Mr. EDMONDS. Seventy million dollars was paid them for giving up their contracts for ships building for them in American shipyards. They had a lot of ships building in American yards before we went into the war, and when we went into the war we took over the contracts and I think $70,000,000 was paid them.

AMERICAN SHIP PROTECTION ABSOLUTELY NECESSARY.

Mr. CLARK. Yes. It is not alone Britain and Japan that this country needs to fear in connection with merchant-marine matters. We must hedge ourselves about primarily by reestablishing the protections for our coastwise trade so that we can always count upon that as a nucleus. The doctrine of protection of the coastwise trades in the last hundred years certainly yielded large returns

to this Government in April, 1917. We must protect ourselves in our trades with our island possessions by the early extension of the coastwise laws to those possessions. It must be seen to that shipping facilities are provided, and the laws extended as provided in the Jones law. Also, we must be on the watch to see that we are not placed at a disadvantage in the foreign trades as against foreign shipping.

One of the most astounding recoveries in shipping in the world's history is that of Germany since the giving up of her merchant fleet to the Allies under the Versailles treaty, principally as the result of exchange rates.

We are constantly told by Canadians and British sympathizers that the United States broke the pound sterling rate of exchange. I have never been deceived into the belief that was anywhere near a true statement. The pound sterling purchasing power in the Orient, from which Britain draws much of its raw materials for use in manufactures, was greater than that of the United States gold. Our dollar used in purchasing like raw materials was worth only about 50 cents, a complete reversal of former exchange rates. The pound sterling, as compared to our dollar, was depreciated so that at one time it was worth but $3.19 in United States money. All continental money was likewise depreciated to a greater or lesser extent. What was the result of this? Continental Europe could not afford to buy from the United States commodities which could be purchased in Great Britain, because continental money translated into English money had a greater purchasing power than when translated into United States dollars. Continental trade, formerly had with the United States, was diverted to England as the result.

Germany learned very quickly one advantage from a depreciated currency in production of goods to sell abroad, payable in the foreign market in the currency of the foreign country. In payment of labor and in payment for productions within Germany the mark retained a relatively high purchasing power. Only when it came to the purchase of raw material abroad was the power of purchase of the mark exceptionally depreciated. Until there is a restoration of the mark to its approximate prewar value, there is no possibility of the United States selling to Germany anything that may be produced in Germany; we can only sell them raw materials and foods. I never could believe that our dollar was enhanced in a European selling market, and depreciated in an oriental buying market by accident, for the result placed the United States at a commercial disadvantage at both ends.

Britain was first to awaken to the possibility of the German mark as applied to German shipping. December last the chamber of shipping made comparisons of the wage costs of operating British ships, American ships, and German ships. The wages cost the operation of an American ship nearly twice that of a British ship; that of the German ship was about one-sixth that of the British ship.

Mr. EDMONDS. Worse than that.

Mr. CLARK. At that time—that was as of December 31, 1920.

Mr. EDMONDS. In October it cost $598 to run a German ship, whereas it cost $5,000 for an American ship and about $3,800 for a British ship.

Mr. CLARK. I was about to offer a comparison of a specific German ship, which showed a monthly expense of $920 as against an American ship expense of something over $8,000 for wages.

Mr. EDMONDS. That would be about right.

Mr. CLARK. I will insert at this point the comparison referred to as reproduced in Fair Play of February 24, 1921.

REGARDING SEAMEN'S WAGES.

[Extract from report of British Chamber of Shipping.]

"In particular the figures of seamen's wages on British and foreign vessels, based on the exchange as at the 31st December last, are highly instructive, disclosing the fact that the officers and seamen on American steamers received in some cases double the wage paid on British boats, while as regards Germany the amounts are quite ridiculously small. The following are the figures ruling in the three countries, from which it will be gathered that competition with Germany under existing circumstances is pretty well hopeless:

	British.	American.	German.
	£ s.	£ s.	£ s.
Chief officer	29 0	62 17	5 10
Second officer	24 5	54 19	4 18
Third officer	20 0	48 8	4 6
Carpenter	17 0	27 9	3 4
Boatswain	16 0	26 2	3 3
A. B	14 10	23 7	2 18
O. S	9 5	17 17	1 11
Chief engineer	35 0	91 7	6 9
Second engineer	29 0	62 17	5 10
Third engineer	24 5	54 19	4 18
Fourth engineer	17 0	48 8	4 6
Fifth engineer	16 0	27 9	3 3
Storekeeper and donkeyman	16 0	26 2	0 0
Greaser (oiler)	15 10	26 2	3 3
Fireman	15 0	24 15	2 18
Trimmer	14 10	20 12	2 10
Total	312 5	643 10	58 7
	$1,099.90	$2,266.73	$205.54

Rate of exchange Dec. 31, 1920, $3.52½.

Mr. CLARK. The building of ships in German shipyards is being carried on assiduously and at "mark" costs. Now, out of Britain comes the cry that Britain made a great mistake in taking Germany's tonnage away from her, as German shipyards are occupied and British shipyards are idle or on part time. I am informed that Hugo Stinnes, since the yielding up of German shipping to the Allies, has acquired over 250,000 tons of ships for operation under the German flag, with German officers and crews, carrying German products. Two hundred and fifty thousand tons have been added to German shipping since July, 1921. The inroads of the newly acquired German fleet in the British trades to South America acquired during the war, justify the belief that it is only a question of a very brief time until Germany will have regained its prewar position in those trades. We must reckon with Germany, now backed in its shipping by foreign, particularly British, investment, in the question of economic foreign commerce and economic vessel operation in competition with the American flag.

There are some serious problems ahead of the business and shipping interests of this country which Congress must help to solve. It will require careful study of relative results possible from application of various remedies such as will be proposed, but certainly it is that there can be no solution of the problem by yielding to the suggestions by foreign interests concerning either our shipping or our finances, such as forgiving the allied indebtedness to the United States. Until the question of exchange is readjusted by the nations responsible for it, or by the nations who are subject to it without being responsible, our opportunity in foreign trade lies in the Orient and in South America, where our money is worth more nearly a prewar parity than in those countries whose rate of exchange in American dollars would prevent the purchasing from us of anything beyond foodstuffs not procurable elsewhere.

The influence of British organization against American shipping and industry is in evidence in all parts of the world. It combines with efforts of the French and the Japanese to make American merchant marine unsupported by the Government in some way a very doubtful quantity. It is exercised efficiently and otherwise to make difficult a bona fide American operation, while offering inducement by way of opportunity, to Americans to expand in the ownership and operation of British flag vessels.

INSURANCE COMPANIES DISCRIMINATE IN RATES AGAINST AMERICAN SHIPS.

American ships, particularly those owned by the Government, are discriminated against in insurance rates by Lloyd's and other British insurance companies, by the important insurance companies of Japan, and by American insurance companies who underwrite their risks to British companies, and whose action is at least to that extent controlled by the British and other foreign practice.

In Japan and other oriental ports higher premium rates have been fixed by Japanese and British insurance companies for the United States Shipping Board passenger liners and freighters than for those under other flags. The Tokyo Marine & Fire Insurance Co., the largest of the Japanese companies, and therefore wielding great influence over other Japanese companies, demands at the present time a higher rate for insuring cargo upon the board's new passenger ships than upon the older Japanese or British tramps. This militates against securing return cargoes, and especially of the better paying commodities, such as silk. One English house in Yokohama said they had instructions from the home office to exact higher cargo insurance rates from the Shipping Board vessels than other foreign vessels. They expressed their belief that politics was back of the instructions, and said that rather than become involved in any investigation which might follow, they would decline to write cargo insurance upon the American vessels. The result in this case was equally adverse to American ships as the higher rate policy of the Japanese.

I only touch upon the insurance discriminations in passing, but that subject should be investigated and reformed, particularly when the lash is applied to American ship operations by insurance companies doing business under our own laws.

Fuel is another point of discrimination. American ships of the Shipping Board operating in the Orient have at times experienced such difficulty in procuring fuel oil at British stations, that it was necessary for the operators to change vessels over to coal burners to get them back to a home port. Also for fuel oil, produced in California by a British controlled company and carried by it to the Orient, American shipping was obliged to pay a rate of $60.75 per ton, as I now remember it.

A more recent drive has been made against attempts by Americans, including the Shipping Board, to establish fueling stations in various parts of the world. Effort was made by the Nottingham & Wren Co., of Norfolk, Va., to establish such a station at Las Palmas, Canary Islands. They shipped 10,562 tons of Pocahontas mine run coal and 515 gross tons of Pennsylvania anthracite to that port, consigned to Messrs. Orive Hermanos, a Spanish firm of high standing. A part of this coal was sold during the English coaling strike, but suddenly sales ceased. The reason is set forth in a complaint by the Nottingham & Wren Co., which included the statement:

"The English have control of every bunker and have determined to oust us from Las Palmas with all punishment possible to the end that they may be free of American competition at that port. The English banks at Las Palmas even decline our requests to invite and transmit bids."

If time permitted, I would show the subsidized rate differentials against American ships maintained by Japanese Government subsidized steamers and the camouflage by which that country changed the name of subsidy to "mail payments," to conceal the exact amounts so expended. Government files are replete with evidence of discriminations furnished in detail, which should be available for use by committee. Discriminations confront us on every hand.

I will file Exhibits A and B, as bearing on the Alaska phases of this question, two extracts from the Shipping Board hearings on Alaska rates, conducted in 1918, to evidence that admissions were made under oath before the examiner (Exhibit A) by T. L. Norman, general agent for the Grand Trunk Railway at Seattle, regarding the "dummy" character of an American steamship company (the Grand Trunk Pacific Alaska Steamship Co.) organized by the Grand Trunk for the purpose of diverting American business to Canadian ports; also that certain freight was carried by the British vessels owned by the Grand Trunk Pacific Steamship Co. between Seattle and Skagway, a straight coastwise voyage entirely by water, and the further admission that if granted (in 1918) the privilege of carrying fish between American ports, it would be the purpose of the Grand Trunk Co. to divert such shipments to Prince Rupert if possible to do so. Also the admissions by E. N. Jenney for the same company of the fact that baggage was handled by the U. S. Customs over the Grand Trunk steamers as initial carriers. (The carrier is not bonded for the carrying of such shipments, and they move in bond contrary to law.)

Exhibit B is of interest in that it contains very interesting side lights brought forth under oath, regarding the methods of the Canadian Pacific Railway Co. in diverting business away from American carriers, and the efforts of that company by counsel, to prevent such facts from being placed in the record of the Shipping Board hearing.

BACK TO OUR FORMER SHIPPING POLICIES.

Mr. Chairman, in closing I wish, on behalf of National Merchant Marine Association, to thank you and the members of the committee for the very friendly consideration you have indicated in listening to the matters presented. It evidences to me that in so far as legislation coming from this committee is concerned, we may rely upon it to be of a character to build, and not destroy, American shipping opportunity, so that this country may eventually have from such shipping, an "invisible export" as constant a source of revenue in times of peace as that enjoyed by our principal shipping competitor, Great Britain; and that our fleets may increase until they shall insure peace through being a constant menace against war, by reason of our very ship preparedness.

That position can only be attained by restoring the former condition of absolute protection to American ships, American owned in Coastwise and foreign trades, and providing in addition constructive laws which will protect American ships against all foreign attack. I know of no better way of beginning than by denying transportation within our borders to merchandise moved, or to be moved, by foreign carriers at less than such reasonable rates as shall be approved by Shipping Board and/or Interstate Commerce Commission.

I have already urged upon the committee that action be taken to "kill" the measure under consideration to modify the proviso to section 27 of the merchant marine act by allowing it to remain in committee and instead to introduce and pass in the House a bill striking the entire proviso from the law.

In urging the absolute protection of our coastwise trade, so that no part of a movement between two points in the United States, whether wholly by water or partly by land and partly by water, direct or via a foreign port shall be other than in vessels of the United States owned by our citizens, I can think of no better argument than to again quote that published in the British Blue Book just prior to the outbreak of the war, as follows:

"The present policy of the United States to exclude foreign-built ships from her coastwise routes has developed a fleet of ships built in the United States and flying the American flag, trading on the Atlantic and Pacific coasts, in the Gulf of Mexico, and on the Great Lakes, surpassing in tonnage the combined coastwise fleets of the leading maritime nations of the world, and it is chiefly due to this enormous volume of domestic tonnage that the United States ranks to-day as the second largest maritime nation of the world."

Again, I say, "Let us restore the landmarks," and get back to our former shipping policies, which were so effective in protecting this country in our recent military emergency.

Mr. Chairman and gentlemen of the committee, I thank you.

EXHIBIT A.

[Formal Docket No. 3. Before the United States Shipping Board. In the matter of the rates, regulations, and practices of water carriers subject to the shipping act and operating between Seattle and Alaskan ports. Otis B. Kent, attorney-examiner, presiding. Seattle, Wash., June 4 (Tuesday), 1918.]

F. L. NORMAN, general agent, Grand Trunk Pacific Line, being first duly sworn by the examiner, testified as follows:

Mr. GROSSCUP. I think Mr. Clark is more familiar with this matter than I am.

Mr. KENT. Mr. Clark, do you want to interrogate Mr. Norman on the matter of freight rates via his line?

Mr. CLARK. I would like to ask a question or two of Mr. Norman. Mr. Norman, are you in a position to state how the water rate from Prince Rupert to Alaskan points is constructed?

Mr. NORMAN. I do not just understand you, Mr. Clark.

Mr. CLARK. The method of arriving at the basis of rates from Prince Rupert to Alaskan points.

Mr. NORMAN. We have endeavored to make the rate from Prince Rupert to Alaskan points two-thirds of the Seattle rate.

Mr. CLARK. Two-thirds of either the Seattle rate or the rate from Vancouver?

Mr. NORMAN. I do not know that the Vancouver rate has entered into our rate making. I did not get up the tariffs; that is done by another department.

Mr. CLARK. As a matter of fact, the tariffs that have been published in their modifications from time to time have been on a basis of one-third less than the rates either from Vancouver or from Seattle, have they not?

Mr. NORMAN. Yes.

Mr. CLARK. Is it your understanding that the position of the Grand Trunk is such that they would maintain that differential regardless of the effect upon earnings?

Mr. NORMAN. I am not in a position to say.

Mr. CLARK. Are you familiar with the rates that obtained on frozen fish from Ketchikan, for instance, to Prince Rupert, in 1916?

Mr. NORMAN. Only by referring to our tariff. No; I have not got the tariffs that are in effect at that time. This is April, 1917.

Mr. CLARK. What is your rate as of April, 1917.

Mr. NORMAN. $5.25 per ton in lots of 2½ tons or over.

Mr. CLARK. Are you prepared to state whether that rate was at any time less than $5.25?

Mr. NORMAN. I am not.

Mr. CLARK. How long have you been connected with the Grand Trunk as representative in Seattle?

Mr. NORMAN. Eight years.

Mr. CLARK. These tariffs have from time to time come under your observation?

Mr. NORMAN. Yes; since our entry into the Alaska business.

Mr. CLARK. Do you recall that in 1916—I think it was about the middle of the year or a little bit later—that the Canadian Pacific made a rate of $5 on frozen fish from Ketchikan to Vancouver?

Mr. NORMAN. No; I do not.

Mr. CLARK. And that the American lines filed a concurrence with that rate when used in connection with rail shipments from Puget Sound?

Mr. NORMAN. I do not know.

Mr. CLARK. You would not be able to state, then, of your own knowledge, as to whether, as the result of that rate, the Grand Trunk Pacific tariff was at least temporarily reduced to three and one-fourth dollars to Prince Rupert?

Mr. NORMAN. No.

Mr. CLARK. Can you ascertain that fact for the benefit of these hearings and place it in the record?

Mr. NORMAN. Yes.

Mr. CLARK. You would be glad to do that, would you?

Mr. NORMAN. Yes.

Mr. CLARK. My reason for asking is that I understood from Mr. McNichol, of your company, that they always expected to maintain a rate that was one-third less from Prince Rupert than the rate from either Puget Sound or Vancouver. And he gave me as instance of their intent to maintain that arbitrary differential the fact of the reduction in the frozen-fish rate to Vancouver, the concurrence of the American lines, and the very prompt reduction of that rate to Prince Rupert. And your statement here leads me to wonder whether that reduction of the rate was a nontariff reduction or a filed tariff reduction. Have you attended the rate conferences that have been held between the American lines and the Canadian lines on the subject of Alaska business here in Seattle?

Mr. NORMAN. I have not.

Mr. CLARK. Then you would not be able to state definitely the policy of the company with reference to always maintaining that arbitrary differential regardless of the effect upon earnings?

Mr. NORMAN. I am not; no, sir.

Mr. CLARK. Are you familiar with the freight movement from Seattle via the Grand Trunk Pacific Line?

Mr. NORMAN. Yes.

Mr. CLARK. Do you handle any freight or have you in the past handled any freight from Seattle to Alaska points via your steamers?

Mr. NORMAN. Only our American bottom steamships.

Mr. CLARK. You have never handled any on the *Prince George* or the *Prince Rupert*?

Mr. NORMAN. No, sir.

Mr. CLARK. Have you ever handled any shipments on those boats that were destined to the interior, say into British territory?

Mr. NORMAN. No, sir; we had them offered us but refused them.

Mr. CLARK. I have before me a copy of the manifest covering a specific item of the steamer *Prince Rupert* manifested out of Seattle on September 8, consigned to Vancouver, of 365 bales of timothy hay, the final consignee being the White Pass & Yukon Railway Co. The shipment arrived at Skagway on the

same steamer in which it left Seattle. Are you familiar with the method by which that is accomplished?

Mr. NORMAN. No, sir; I am not I understand it can be done by entering at Vancouver duty paid.

Mr. CLARK. Your chief method in handling this business which is destined from Seattle to Skagway en route to the interior is to have such business billed from Seattle to Vancouver, arrangement being made for the payment of duty, and for rebilling from Vancouver to interior points in bond. While, as a matter of fact, the shipment moves in the steamer in which it leaves Seattle, thence to Skagway en route to the interior points?

Mr. NORMAN. Yes.

Mr. CLARK. That is the manner in which it is handled?

Mr. NORMAN. I presume it is. But not having handled it at Vancouver, I could not state, I am not able to say.

Mr. CLARK. All of your shipments that are destined to the interior are handled presumably on billings to Vancouver, thence to be rehandled to interior points?

Mr. NORMAN. Yes.

Mr. CLARK. Can you give to the commission any idea as to the volume of business that moves in that manner?

Mr. NORMAN. Very, very little.

Mr. CLARK. It still moves, however, in the manner indicated, does it not?

Mr. NORMAN. Yes.

Mr. CLARK. Have you ceased to handle it in that manner?

Mr. NORMAN. I do not believe that we have handled more than one or two shipments like that. I do recall now that that came up last fall. We were requested to handle by the White Pass & Yukon on account of inability to get any space on any other boat.

Mr. CLARK. They handled two shipments that I have in mind, in September, 1916. Further shipments have not come under my observation.

Mr. NORMAN. I believe those are the only two since I have been here that we have ever handled.

Mr. CLARK. So far as the method of making rates is concerned, you are not in a position to state what the policy of the Grand Trunk Pacific is?

Mr. NORMAN. No, sir.

Mr. CLARK. Not having attended any of the rate hearings?

Mr. NORMAN. No, sir; I have not.

Mr. CLARK. Does the Grand Trunk Pacific Steamship Co. own any American boats?

Mr. NORMAN. The motor ship *Tillamook*.

Mr. CLARK. Do they own that directly in their own name or through a subsidiary corporation?

Mr. NORMAN. The Grand Trunk Pacific Alaska Steamship Co. own it.

Mr. CLARK. It is held in the name of the Grand Trunk Pacific Alaska Steamship Co.?

Mr. NORMAN. Yes, sir.

Mr. CLARK. As a matter of fact, the steamer is owned by the Grand Trunk Pacific Steamship Co., or rather the subsidiary corporation is owned by the Grand Trunk Steamship Co.

Mr. NORMAN. No; it is owned by the Grand Trunk Pacific Dock Co.

(NOTE.—Answer changed after hearing from Grand Trunk Pacific Steamship Co. to Grand Trunk Pacific Dock Co.)

Mr. CLARK. Are the officials of the Grand Trunk Pacific Alaska Steamship Co. all connected with the Grand Trunk Pacific Steamship Co. as well, or other Grand Trunk Pacific interests?

Mr. NORMAN. Most of them.

Mr. CLARK. You yourself are an official of that company, are you not?

Mr. NORMAN. Yes.

Mr. CLARK. One of the incorporators?

Mr. NORMAN. Yes.

Mr. CLARK. You do not personally own any stock in the company, do you?

Mr. NORMAN. No.

Mr. CLARK. Do you know of any other employees of the steamship companies who are also the incorporators of the Grand Trunk Pacific Alaska Steamship Co. who do own personally stock in that company?

Mr. NORMAN. I can not state definitely.

Mr. KENT. Is the *Tillamook* operating on a regular route?

Mr. NORMAN. She operates in the cannery trade to the different canneries in southeastern Alaska.

Mr. KENT. Regular ports of call?

Mr. NORMAN. The only regular port she goes to is Ketchikan; the other destinations are irregular.

Mr. KENT. She does operate regularly between Seattle and Ketchikan?

Mr. NORMAN. Not all of the time; no, sir. This is the first time she has ever operated out of Seattle.

Mr. KENT. Do you mean her present voyage, or do you mean at the present time?

Mr. NORMAN. No; this season.

Mr. KENT. Are your rates on file with the Shipping Board covered by the tariffs from Seattle to Ketchikan?

Mr. NORMAN. I have a wire saying they have been sent.

Mr. KENT. How do the rates of the *Tillamook* compare with the rates of the Alaska and Pacific steamship companies between Seattle and Ketchikan?

Mr. NORMAN. They are the same. In fact we are using their tariffs in making up the manifest.

Mr. CLARK. Can you tell me the circumstances under which the *Tillamook* was purchased by the Grand Trunk Pacific Steamship Co.?

Mr. NORMAN. No, sir; I can not. You mean by purchase by the Grand Trunk Pacific Dock Co.

(NOTE.—Changed after hearing ended.)

Mr. CLARK. When the steamer *Tillamook* was first purchased between what ports was she operated?

Mr. NORMAN. Prince Rupert and Ketchikan?

Mr. CLARK. Solely between Prince Rupert and Ketchikan?

Mr. NORMAN. Yes.

Mr. CLARK. How long did she continue in that particular trade?

Mr. NORMAN. About four months.

Mr. CLARK. Then she was put in the general freight trade from Puget Sound ports to the North?

Mr. NORMAN. No, sir; from Prince Rupert to those points.

Mr. CLARK. But she is now operating from Puget Sound?

Mr. NORMAN. Yes; temporarily.

Mr. CLARK. With cannery supplies?

Mr. NORMAN. Yes.

Mr. CLARK. Have you any contract for the handling of that business with the canneries?

Mr. NORMAN. We have no form of contract like the Alaska or the Pacific Steamship Co.

Mr. CLARK. You have no contracts with any of the canneries in southeastern Alaska points covering the handling of their supplies and the handling of their pack?

Mr. NORMAN. No written contracts; no, sir.

Mr. CLARK. You are speaking now for the Grand Trunk Pacific Alaska Steamship Co.?

Mr. NORMAN. Yes.

Mr. CLARK. Can you speak in that respect for the Grand Trunk Pacific Steamship Co.?

Mr. NORMAN. Yes.

Mr. CLARK. They have no contracts either?

Mr. NORMAN. None at all.

Mr. CLARK. There is no understanding, is there, under which you are to handle supplies for certain canneries from Puget Sound to Alaska points under which they are to give you the handling of their pack by way of Prince Rupert and the Grand Trunk Pacific?

Mr. NORMAN. No written understanding.

Mr. CLARK. Any verbal understanding?

Mr. NORMAN. Yes.

Mr. CLARK. So that the operation of the *Tillamook* temporarily in the run to Puget Sound is for the purpose of securing the shipment of the output of such canneries for whom you handle supplies north for Prince Rupert and Eastern United States destinations?

Mr. NORMAN. Yes.

Mr. CLARK. I think that inasmuch as Mr. Norman is not informed on many of the points on which I would be glad to question him, those of the Grand

Trunk who are informed, I have nothing further to ask in that particular connection.

Mr. KENT. Mr. Grosscup, do you care to interrogate Mr. Norman?

Mr. GROSSCUP. This steamer *Tillamook*, as I understand it, is used as an auxiliary to take in supplies to canneries to Alaska at this time of the year?

Mr. NORMAN. Yes.

Mr. GROSSCUP. And you found it necessary to have the steamer take in those supplies in order to get contracts to take out the canned fish, did you not?

Mr. NORMAN. Yes.

Mr. GROSSCUP. Otherwise, you would not get the contracts to take out the canned fish?

Mr. NORMAN. Well, there is a question about that. We did last year, but it was inconvenient.

Mr. GROSSCUP. It was done to facilitate getting business out of Alaska?

Mr. NORMAN. Yes.

Mr. GROSSCUP. And this steamer *Tillamook* is owned by what is known as the Grand Trunk Pacific Alaska Steamship Co.?

Mr. NORMAN. The Grand Trunk Pacific Alaska Dock Co.

(NOTE.—Changed afterwards from original statements, which was "Grand Trunk Pacific Steamship Co.")

Mr. GROSSCUP. Where is that company incorporated?

Mr. NORMAN. Olympia, Wash.

Mr. GROSSCUP. You say you are an officer of that company?

Mr. NORMAN. Yes.

Mr. GROSSCUP. What officer?

Mr. NORMAN. Trustee.

Mr. GROSSCUP. Who are the other trustees?

Mr. NORMAN. W. B. Herr, J. H. Burgess, C. H. Nicholson, and J. S. Gibson.

Mr. GROSSCUP. The purchase of the *Tillamook* then and her operation has been with a view to getting business for the Grand Trunk Railroad?

Mr. NORMAN. Yes; the Grand Trunk Pacific Railroad.

Mr. GROSSCUP. And that was the sole purpose of buying her and placing her on the run?

Mr. NORMAN. Yes.

Mr. GROSSCUP. Does she carry passengers?

Mr. NORMAN. Yes; cannery crews.

Mr. GROSSCUP. Does she engage in what you call the regular passenger business?

Mr. NORMAN. No; she simply carries cannery crews.

Mr. CLARK. Have you any knowledge as to the policy of your company with reference to the handling of fresh fish on steamers on the Alaska run, the steamers *Prince Rupert* and *Prince George*, between Alaska and Prince Rupert or between Alaska and other points, between Alaska and Puget Sound, for instance, it having been suggested that if your company were permitted to enter the trade for that purpose between Alaska and Puget Sound that you would be very glad to enter for the purpose of handling fresh fish shipments?

Mr. NORMAN. Well, if the traffic were offered to us via Seattle I assume that we would take it, but we would most certainly prefer to have it via Prince Rupert.

Mr. CLARK. Your purpose would be to move it via Prince Rupert if it was possible to do so?

Mr. NORMAN. Yes.

Mr. CLARK. That is all.

(Witness excused.)

E. N. JENNEY, having been first duly sworn by the examiner, testified as follows:

Examination by Mr. GROSSCUP:

Mr. GROSSCUP. How long have you been connected with the passenger department of the Grand Trunk Pacific?

Mr. JENNEY. About 25 years.

Mr. GROSSCUP. How long have they been operating into the city of Seattle?

Mr. JENNEY. I have only been here four years and they have been operating all that time, or at least most of that time.

Mr. GROSSCUP. You found them operating here when you came?

Mr. JENNEY. Yes.

Mr. GROSSCUP. Their steamers are operated in the passenger traffic between Seattle, Juneau, and Skagway?

Mr. JENNEY. At the present time there are none.

Mr. GROSSCUP. What steamers were operated last year?

Mr. JENNEY. The *Prince Rupert* and the *Prince George.*

Mr. GROSSCUP. What months?

Mr. JENNEY. Some time in June and they quit some time in September, I think. But I know they ran during July and August.

Mr. GROSSCUP. And you have not begun operations here with those steamers?

Mr. JENNEY. No, sir; we start the 24th of June.

Mr. GROSSCUP. How long do you expect to run them in that business?

Mr. JENNEY. Not very long, I do not think.

Mr. GROSSCUP. You expect to take the summer business?

Mr. JENNEY. Yes.

Mr. GROSSCUP. What steamers are they?

Mr. JENNEY. The *Prince Rupert* and the *Prince George.*

Mr. GROSSCUP. They operate leaving Seattle when?

Mr. JENNEY. At 9.30 o'clock in the morning. We leave Seattle at 9.30 Monday morning, get into Victoria at 1.45; leave Victoria at 3.55 and get into Vancouver at 7 o'clock; leave Vancouver at 11 o'clock, and get to Prince Rupert on Wednesday morning. And then they go to Juneau, Ketchikan, Wrangle, and Skagway, and then they go to Juneau on Friday morning.

Mr. GROSSCUP. Coming back, when do they arrive at Seattle?

Mr. JENNEY. They get back to Seattle on Wednesday morning.

Mr. GROSSCUP. So that they make the round trip every Monday morning to Wednesday morning of the week following?

Mr. JENNEY. Yes.

Mr. GROSSCUP. How many passengers do these steamers carry?

Mr. JENNEY. I think about 225, something like that.

Mr. GROSSCUP. First-class accommodations?

Mr. JENNEY. Yes; I think so.

Mr. GROSSCUP. First-class meals?

Mr. JENNEY. Everything first class; they are good boats.

Mr. GROSSCUP. At what price do you sell tickets from Seattle to Juneau?

Mr. JENNEY. I think it is $30. It is the same price as the Canadian Pacific Railroad, and Alaska Steamship Co., and your company charge.

Mr. GROSSCUP. That includes meals?

Mr. JENNEY. Yes.

Mr. GROSSCUP. And you sell through tickets from Seattle to Juneau?

Mr. JENNEY. We would not carry the passengers from Seattle to Juneau on our boats.

Mr. GROSSCUP. How do you handle it?

Mr. JENNEY. At the present time we send them up on the Northern Pacific or Great Northern to Vancouver and they then take our boat there.

Mr. GROSSCUP. Take the summer business now, how do you do that?

Mr. JENNEY. In the summer business we do the same thing.

Mr. GROSSCUP. How did you do it last summer when you were operating from Seattle?

Mr. JENNEY. We did not carry them on our own boats.

Mr. GROSSCUP. You started your boat here?

Mr. JENNEY. Yes; but we certainly did not carry passengers from Seattle to Juneau on it.

Mr. GROSSCUP. How did you operate it?

Mr. JENNEY. We depended on passengers who would accept the option we gave them.

Mr. GROSSCUP. Suppose a passenger presented himself at the office and desired to go to Juneau, what did you do with him?

Mr. JENNEY. We would invite him to use the Great Northern Railroad to Vancouver.

Mr. GROSSCUP. Wouldn't you take him on here at Seattle?

Mr. JENNEY. No, sir; no chance in the world.

Mr. GROSSCUP. Don't you take on passengers on any of those steamers at any season of the year in Seattle?

Mr. JENNEY. For Canadian ports?

Mr. GROSSCUP. Then suppose he bought a ticket. You would sell him a ticket to Vancouver from Seattle?

Mr. JENNEY. We would sell him a ticket to Juneau via the Great Northern from Seattle to Vancouver.

Mr. GROSSCUP. But you would sell him a ticket on the boat to Vancouver?

Mr. JENNEY. No, sir; not if he was going to Juneau I would not If he came to Vancouver on our boat we would not take to Juneau. We have our positive instructions on that point.

Mr. GROSSCUP. Have you ever sold a ticket or a combination of tickets to a passenger over your counter from Seattle to a point in Alaska?

Mr. JENNEY. On our own boats?

Mr. GROSSCUP. Have you ever sold a ticket from Seattle to a point in Alaska going over by your boats for all or any part of the way?

Mr. JENNEY. Yes; going part of the way on our boats, we would sell them a ticket on the Great Northern from here to Vancouver. I have never sold them myself, but I know they are sold.

Mr. GROSSCUP. They are sold under your direction?

Mr. JENNEY. Yes.

Mr. GROSSCUP. And if a passenger at an Alaska point wants to come to Seattle you sell him a through ticket to Seattle by way of your boat and the Great Northern?

Mr. JENNEY. Yes.

Mr. GROSSCUP. Suppose he wanted to go by boat all the way, how would you handle him?

Mr. JENNEY. He could, of course, wait in Vancouver until we had a boat out that did not come from Alaska, and we would handle him.

Mr. GROSSCUP. What is the purpose of handling these boats into Seattle?

Mr. JENNEY. We have got a big Canadian trade out of Seattle and Prince Rupert.

Mr. GROSSCUP. If the passenger wants to go by boat to Alaska you would sell him a ticket to Prince Rupert, would you?

Mr. JENNEY. Not if he was going to Alaska; no. It would make the rate much higher.

Mr. GROSSCUP. But don't you sell through tickets by boats from here to points in Alaska specifying that he has to get off and change boats either at Vancouver or Prince Rupert?

Mr. JENNEY. Yes; if he changed boats, we would.

Mr. GROSSCUP. All he would have to do would be to step off of one boat and onto another. Is that true?

Mr. JENNEY. Unfortunately we have not got that many boats.

Mr. GROSSCUP. Is it not true that you did operate that way last summer?

Mr. JENNEY. No. You understand that the passenger has to wait if he uses our boat line out of Vancouver or Prince Rupert.

Mr. GROSSCUP. How long a wait does he have?

Mr. JENNEY. In Vancouver he would have from Tuesday to Sunday on our steamer schedule.

Mr. GROSSCUP. And how long at Prince Rupert would he have to wait?

Mr. JENNEY. If he got there Saturday he would not leave until the next Wednesday.

Mr. GROSSCUP. Didn't you last summer connect at Prince Rupert closely?

Mr. JENNEY. No, sir; we wish we could.

Mr. GROSSCUP. I wish to show you an advertisement in the current Post-Intelligencer, taken out of to-day's issue, I believe. I wish that put in evidence with your authority, Mr. Examiner. [Handing witness clipping.] I will read the clipping, which is as follows: "Alaska calls. Summer tours, Alaska, weekly sailings. Magnificent twin-screw steel steamers *Prince Rupert* and *Prince George*."

Mr. JENNEY. We will have a boat that leaves Prince Rupert on Thursday night, and we will be very glad to sell anybody a ticket that comes to our office over the Great Northern to Vancouver and over our line to Alaska.

Mr. GROSSCUP. A person reading this in a Seattle paper would be very much inclined to think that he could go from Seattle, would he not?

Mr. JENNEY. He could not on our line.

Mr. GROSSCUP. What boat would you put him on if he wanted to go by boat?

Mr. JENNEY. From here to Vancouver?

Mr. GROSSCUP. To Alaska?

Mr. JENNEY. We could not sell him a ticket by boat to Alaska unless he was willing to make the stop-overs that I have spoken of in Canadian territory.

Mr. GROSSCUP. Then you would sell him a through ticket?

Mr. JENNEY. Yes; if he would be willing to make those stop-overs.

Mr. GROSSCUP. Would you check his baggage?

Mr. JENNEY. Yes, he is entitled to 150 pounds of baggage.

Mr. GROSSCUP. In other words, you would sell him a ticket with a stopover at Prince Rupert and take his baggage through on the trip to Juneau?

Mr. JENNEY. Yes; we would take his baggage through and hold it at Prince Rupert until our next boat came along and took it up there.

Mr. GROSSCUP. How many passengers did you carry last summer between Seattle and Alaska?

Mr. JENNEY. I can not say.

Mr. GROSSCUP. Give us an estimate; you know about how many.

Mr. JENNEY. We made one trip a week with those methods I spoke of.

Mr. GROSSCUP. How many did you carry at a trip?

Mr. JENNEY. I do not like to guess. That is all I could do.

Mr. GROSSCUP. Give us as near an approximation as you can.

Mr. KENT. He has stated that the can not estimate it. Can you estimate that, Mr. Jenney, and let us know this afternoon?

Mr. JENNEY. No, sir. We would have to compile the information and we have not got it in Seattle.

Mr. KENT. Will you compile that information and submit it to Judge Grosscup to be filed in this record?

Mr. JENNEY. How long will I have to do it?

Mr. KENT. Four days, say.

Mr. JENNEY. Yes, I think so.

Mr. GROSSCUP. What I want to know is, how many passengers you carry between points in the State of Washington and points in Alaska by your boats over the whole or a part of the voyage.

Mr. JENNEY. We ought to be able to get that, but I do not know whether I can get it in four days.

Mr. KENT. Well, just as promptly as you can and submit that to Judge Grosscup, who will file it in this record as an exhibit.

Mr. GROSSCUP. What is the size of the *Prince Rupert* and the *Prince George*?

Mr. JENNEY. I do not remember.

Mr. GROSSCUP. Where were those boats built?

Mr. JENNEY. They were built on the Clyde, or in the old country some place.

Mr. GROSSCUP. They came across the Atlantic?

Mr. JENNEY. Yes.

Mr. GROSSCUP. And around Cape Horn?

Mr. JENNE. I do not know; they were here before I was.

Mr. GROSSCUP. They are good ocean-going boats, are they not? They are regarded as good ocean-going boats, are they not?

Mr. JENNEY. I do not think they would cross the Atlantic as passenger steamers. I do not know about that though. I am not a sailor.

Mr. GROSSCUP. They did cross the Atlantic?

Mr. JENNEY. Yes; they did. They were coal burners at that time. They are now oil burners.

Mr. GROSSCUP. They are regarded as good substantial steamers?

Mr. JENNEY. Yes. I make that statement quite frequently, that they are good boats.

Mr. GROSSCUP. What is their maximum speed?

Mr. JENNEY. About eighteen and a half knots, but we do not run them that high.

Mr. GROSSCUP. They are regarded as fast boats?

Mr. JENNEY. They are good boats all right.

Mr. GROSSCUP. Where were those boats operated during the portion of the year, say from the first of November on up to the first of April?

Mr. JENNEY. We won't testify the first of November. But one of the boats is now operated between Vancouver and British Columbia ports up to Anyox. The other is operated from Vancouver to Skagway just the same, only she does not come down here or does not go to Victoria.

Mr. GROSSCUP. But she will commerce to come down here the latter part of this month?

Mr. JENNEY. The 24th of June.

Mr. GROSSCUP. I wish to introduce these advertisements. I hand you a document and ask you if you recognize that as a piece of advertising literature?

Mr. JENNEY. Yes; that is ours.

Mr. GROSSCUP. That is put out to the public by authority of your company?
Mr. JENNEY. No, sir; that goes to our agents.
Mr. GROSSCUP. It is put out to your agents, then, by authority of the company?
Mr. JENNEY. Yes; and foreign line agents, too.
Mr. GROSSCUP. I ask that that be made part of the record.
Mr. JENNEY. We do not take passengers from Seattle to Skagway. They must come on the rail line first and then go through to Vancouver.
Mr. GROSSCUP. But you sell a through ticket?
Mr. JENNEY. Yes; we sell a Great Northern ticket.
Mr. CLARK. Mr. Jenney, if the passenger wanted to go all the way to Alaska by water you would sell him a ticket, would you not, via the Canadian Pacific steamers to Vancouver and your own line thence to Skagway?
Mr. JENNEY. We have no arrangement for buying Canadian Pacific tickets. I have known our people to give them a Canadian Pacific ticket, though.
Mr. CLARK. And give the choice of the steamers?
Mr. JENNEY. No; we do not give them the choice.
Mr. CLARK. But in case where it is demanded, it looks as though you might lose the business, otherwise you would probably give them the Canadian Pacific ticket to Vancouver.
Mr. JENNEY. Yes; we probably would. That is the circumstance exactly.
Mr. CLARK. In the handling of business from Alaska to Seattle the same thing would apply, would it not?
Mr. JENNEY. Not if the carrier had the railway's instructions.
Mr. CLARK. The railway expected to get their share out of that business.
Mr. JENNEY. No; our instructions are that they must go down on the Great Northern.
Mr. CLARK. And their arrangements for the handling of these passengers is on the through rate with the Great Northern, is it?
Mr. JENNEY. Yes.
Mr. CLARK. Is that rate less than the local fare?
Mr. JENNEY. It is not, unfortunately.
Mr. CLARK. The division of the railroad company is their full local fare?
Mr. JENNEY. Yes.
Mr. CLARK. So that your earnings are shrunk by the excess cost of the railway fare over the steamship fare?
Mr. JENNEY. Yes; we have to pay the local at present.
Mr. CLARK. Have your people, within your knowledge, made any attempt to make an arrangement with the Canadian Pacific for the handling of that business on the same equitable basis of the water transportation?
Mr. JENNEY. Not to my knowledge; no.
Mr. CLARK. In checking the baggage from Alaska it checks through British Columbia in bond to the American port, does it not?
Mr. JENNEY. Yes; it would do that.
Mr. CLARK. Do the Grand Trunk Pacific steamers have any carrier's bond for that?
Mr. JENNEY. I do not know.
Mr. CLARK. You are not familiar with the fact that the bond applied for in 1916 was denied?
Mr. JENNEY. No.
Mr. CLARK. But as a matter of fact this baggage is bonded by your line from Juneau and other Alaskan points to Seattle?
Mr. JENNEY. Yes.
Mr. CLARK. Over your steamer and the Grand Trunk Steamship Co. and the Great Northern Railway?
Mr. JENNEY. Yes.
Mr. CLARK. So that it moves under customs custody practically from Juneau to Seattle?
Mr. JENNEY. Yes; of course that is true all over the United States. We send it from Winnipeg to Seattle or any place, or it might be from St. Paul to Seattle.
Mr. CLARK. Are you familiar with the practice of the Canadian Pacific in the same connection, that their baggage is bonded through from Alaskan ports to Seattle as well?
Mr. JENNEY. I do not know that.
Mr. CLARK. But as far as baggage on the Grand Trunk Pacific Steamship Co. is concerned, that is bonded from Alaskan ports to Seattle?
Mr. JENNEY. They can be bonded; yes.

Mr. CLARK. And it is, is it not, as a matter of fact? Otherwise the passenger would be subjected to having his baggage examined when he reached British Columbia, and then reexamined in the United States?

Mr. JENNEY. Yes.

Mr. CLARK. It comes through on a regular bonded manifest?

Mr. JENNEY. Yes; I think so.

Mr. CLARK. That is all.

EXHIBIT B.

[Formal Docket No. 3. Before the United States Shipping Board. In the matter of the rates, regulations, and practices of water carriers subject to the shipping act and operating between Seattle and Alaskan ports. Otis B. Kent, attorney-examiner, presiding. Seattle, Wash., Tuesday, June 4, 1918.]

EXCERPT FROM FORMAL DOCKET NO. 3, SEATTLE, TUESDAY, JUNE 4, 1918.

Mr. BOGLE. The examiner issued an invitation to the Canadian Pacific Railway Co. to appear at this hearing.

Mr. KENT. The Canadian Pacific and the Grand Trunk Pacific.

Mr. BOGLE. I am speaking for the Canadian Pacific. The representative of that road, the Canadian Pacific Steamship Co., was in my office yesterday and authorized me to enter an appearance for him in this hearing if it was desired. And he left with me copies of their tariffs. I am sorry to say, however, that there is only one copy, and I will be glad to furnish that to you.

Mr. KENT. Enter Judge Bogle's appearance for the Canadian Pacific Railway Steamship Co. lines. This tariff will be Canadian Pacific Exhibit No. 1.

Mr. BOGLE. The representative of the company stated to me that he authorized me to state to this commission that it was not seeking the entry into the coastwise trade of the United States even if the law should be changed so as to authorize it to operate its Canadian vessels in the coastwise trade of the United States, it would not at this time be in a position to avail itself of that privilege to any considerable extent.

It enters the Alaska trade mainly in connection with the rail haul on it transcontinental line, and aside from the freight business, which is confined either to through business, that is to through points, into the Yukon territory, or to points on the British Columbia line, it caters almost entirely to the passenger traffic. And for that reason it would not be interested in freight shipments between ports in Alaska, nor would it be able to render any material assistance in handling fresh fish shipments at this time, for the reason that these passenger vessels are fast vessels and are catering to the passenger trade almost exclusively, and they can not afford to make the stops which would be required to handle these fresh fish shipments in small quantities, and they would not care to carry that kind of product on their passenger vessels. That is a statement of their general attitude toward this question of entering the American coastwise trade.

Mr. KENT. Have you any questions, Mr. Clark?

Mr. GROSSCUP. I would like to ask Judge Bogle to what extent the Canadian Pacific water lines carry passengers between points in the State of Washington and points in Alaska?

Mr. BOGLE. I am not able to answer that. The Canadian Pacific operates vessels between Vancouver and Seattle. They also operate between Vancouver and Skagway, stopping at some of the way ports, I think Juneau and Ketchikan. But to what extent they carry passengers destined through Seattle to Skagway and points beyond that I am not able to state. They do some of that business, I think, but how much I do not know.

Mr. KENT. Do they carry any baggage, for instance, of passengers on through touring from Seattle to Skagway?

Mr. BOGLE. In making a statement about that, Mr. Kent, I am speaking more as a matter of my general knowledge of what was done by these Canadian lines rather than from any information received from the Canadian Pacific. I think the bulk of the business from the American side has been done by the Grand Trunk, but it is probable that the Canadian Pacific does some of it. In the case of the Canadian Pacific it would be handled by the sale of a ticket from Seattle to Vancouver on one of their vessels plying between those ports. At Vancouver the passenger would take a different steamer from there north, and I think his practice would be to get a ticket at Vancouver, but I could not state positively on the face of it.

Mr. GROSSCUP. Is it not the practice to sell an order on the ticket office at Vancouver?

Mr. BOGLE. I have understood that that was the practice of the Grand Trunk, but I have never heard of the Canadian Pacific adopting that practice. I think it is possible they may do it, but I do not know.

Mr. KENT. The Grand Trunk is represented here, and so we may develop the facts.

Mr. CLARK. I would like to ask Judge Bogle with reference to the tariff which was left him by the representative of the Canadian Pacific, whether he has examined that tariff to ascertain the manner in which they apply rates on shipments that are transcontinental.

Mr. BOGLE. No; but I will be glad to furnish that tariff to the examiner for inspection. I have not examined it.

Mr. KENT. Will you furnish five copies, Judge Bogle?

Mr. BOGLE. I will furnish copies as far as I have them. I will endeavor to get the others. They are in Vancouver, you understand.

Mr. KENT. I think you might possibly be able to get that locally.

Mr. BOGLE. No, I do not think so; but I will endeavor to get it for you.

Mr. CLARK. You are not familiar, then, with what is understood to be the fact, that on business which originates east of Medicine Hat, principally United States business, that in order to encourage the rail haul by Canadian Pacific lines that they made the application of a rate which is not included in their general published tariffs to points in Alaska.

Mr. BOGLE. No. My understanding is that the Grand Trunk has made a rate from eastern points to Prince Rupert, possibly to reach points beyond Prince Rupert in Alaska, and the Canadian Pacific has met that rate.

Mr. CLARK. As I understand, the Grand Trunk Pacific made a rate which they filed with the Interstate Commerce Commission at Prince Rupert. They made also a rate from Prince Rupert to Alaskan points. But it is also my understanding that on business which originates in the United States, moving into Vancouver by the Canadian Pacific Railway, that they move that business from Vancouver to Juneau or Skagway or other Alaska points of call on their line at a rate which is less than their regular published tariff from Vancouver and a rate which is less than they would move similar business reaching them by rail from United States lines. In other words, that they apply the rate which applies from Prince Rupert to those Alaskan points on shipments which originate in the United States without a published tariff.

Mr. KENT. Judge Bogle, you do not know anything about that, do you?

Mr. BOGLE. I do not know, except what appears on the tariff.

Mr. CLARK. I submit at this time a photostatic copy of six expense bills issued by the Canadian Pacific Railway Co. covering their steamship haul, from which it may be determined that on shipments which originated locally in Canadian territory the application of the rate is made, while shipments that originate in Duluth, for instance, the rate is applied differently. Some of these bills will show that the original rate was written in on the expense bill and that it was corrected afterwards and showed a modified rate, as indicating that they modified it so as to divert to the Canadian Pacific the share of the business which would otherwise move either over American lines to Seattle and by American transportation by water to Alaskan ports, or by the Grand Trunk Pacific to Prince Rupert and thence to Alaskan ports. I will call that exhibit "Clark's Exhibit A."

I would like to ask Judge Bogle, with reference to the movement of passenger business and their baggage between Puget Sound points, whether he has knowledge of the fact that this baggage is bonded through from Seattle to Skagway, for instance, or from Seattle to Juneau, or from Juneau to Seattle, just the reverse direction, so that, as a matter of fact, this baggage, which is really freight, is handled from an Alaskan port to a United States port and *vice versa* on through bond.

Mr. BOGLE. I can not give you any information on that, Mr. Clark. I am not in the traffic business and I do not know anything about it.

Mr. CLARK. I would be glad to submit later a copy of a custom tag used for the bonding of baggage in that manner, showing the Canadian Pacific imprint on that United States customs tag.

Mr. BOGLE. Mr. Examiner, this hearing is called to inquire into Alaska rates and rules and regulations and practices. I do not think it ought to be switched off into an investigation of rail and water transportation in a controversy that

may exist between American and Canadian lines. Speaking for the Canadian Pacific Railway Co., I wish to say that they have had no notice that any such investigation would be undertaken, and they have never been advised that this commission claimed any authority or jurisdiction over that question, and I am not here to represent them in any such investigation. So I do not think that those things ought to be put into this record, because they are not within the proper scope of this investigation and they may be prejudicial, and the prejudice might not be justified. In making my appearance here for them I am appearing for them in the matters that are properly within the scope of this investigation, that is, water transportation. If they are violating the coastwise laws that is a matter that this commission has nothing to do with and I do not think that Mr. Clark ought to bring that into this investigation.

Mr. KENT. Your objection generally is well taken. The only basis of materiality in so far as this evidence is concerned is that it has been insistently reiterated on behalf of both the Alaska and Pacific Steamship Companies at these hearings that one of the reasons and one of the justifications for the high rates is a depletion of revenues resulting from a diversion of business to Canadian lines. One of the questions that is on my docket is the outgrowth of a petition filed by the labor organizations of Juneau asking that the Shipping Board recommend a modification of the shipping law to admit into the coastwise trade Canadian vessels. To the extent of these considerations the questions asked by Mr. Clark, I think, are relevant.

Mr. BOGLE. I have no objection to any investigation going to that extent, to get any information you may think proper to enable you to make any recommendation you feel you ought to make.

Mr. KENT. That is the only purpose of this testimony.

Mr. BOGLE. But the purpose of this question that Mr. Clark is asking now is to show a practice of the Canadian Pacific which he intimates, at least, is a violation of the coastwise laws in the shipment of baggage by foreign bottoms from Seattle to Juneau. That is not within the scope or the jurisdiction of this commission.

Mr. KENT. Only to this extent, Judge Bogle: If the Canadian lines are already doing that which the labor unions asked that they be authorized to do, the question becomes material. In other words, if the Canadian lines without any express authorization in the statutes are improperly securing or affecting a diversion of traffic which these steamship companies have claimed is rightly theirs, the question of the procedure by which that is accomplished, if it is accomplished, becomes important.

Mr. BOGLE. I do not see why, Mr. Kent. I may be wrong, but I can not see that it is a matter within your jurisdiction at all. That these Canadian boats do carry passengers directly or indirectly from Puget Sound ports to Alaska ports is unquestionably a fact. To what extent the Canadian Pacific does that I am not informed, but I do not doubt that they are carried. Just how it is done and whether it is done in accordance with our present coastwise laws or not, is a question that I do not think that this investigation could determine. If they are violating the law then they can be held responsible for it.

Mr. KENT. That is perfectly true, Judge Bogle. If it develops that that is the fact that they are diverting traffic by these lines, that is a question to be considered in order to determine whether the revenues are depleted on that account.

Mr. BOGLE. What Mr. Clark was going to say was not the question of whether they were carrying passengers directly or indirectly from Puget Sound ports to Alaska ports, but whether they are bonding baggage direct from Seattle to Alaska ports. I have not been advised by the Canadian Pacific in regard to that fact because it was not before this commission for investigation; and in my own conception of the scope of this investigation it is not involved in that. I do not like to go into a thing here on behalf of the Canadian Pacific when they are not represented by anyone who is familiar with those facts. If the United States Government wants to make an investigation through the proper channels of those practices as to whether they are violating the coastwise laws or not, and will give the Canadian Pacific notice of it, then they can represent themselves.

Mr. KENT. As to whether there is a violation of the coastwise law we are not immediately concerned. We are concerned in the development of the fact, if it be a fact, that the passenger baggage which the American steamship

companies claim should be routed via their lines, is actually being moved by Canadian lines. I wrote the Canadian Pacific on the 18th a letter as follows:

MAY 18, 1918.

CANADIAN PACIFIC STEAMSHIP CO., *Vancouver, B. C.*

GENTLEMEN: During the recent hearing at Seattle, Wash., on behalf of the United States Shipping Board, in the matter of the justness and reasonableness of certain advances made by the Alaska Steamship Co. and the Pacific Steamship Co., respectively, in their freight rates from Seattle to Alaska ports, it was stated on behalf of the respondents that their operating revenues are being substantially affected by the competition of your company with respect to traffic originating at and destined to points in the United States.

A final hearing in the premises will be held at Seattle upon the return of the steamship *Alameda* from her present voyage to Alaska on or about June 3, 1918. In order that the facts may be fully developed you are herewith invited to appear by counsel at this hearing and to offer such testimony or other statements as may be material to the issues involved.

Very truly, yours,

OTIS B. KENT,
Attorney Examiner.

Mr. GROSSCUP. Mr. Bogle, I would like to ask you how many passengers in the course of, say, last year, were carried either directly or indirectly between points in the State of Washington and points in Alaska, and vice versa. If that fact could be gotten, it would aid in this question which has been asked. And if you say that you do not know, will you undertake to try to supply that information?

Mr. BOGLE. You mean passengers originating in Puget Sound and destined to some point in Alaska on the through voyage?

Mr. GROSSCUP. On a substantially through voyage; yes. That is, when they simply change boats at Vancouver.

Mr. BOGLE. I understand. But of course a man can go from here to Vancouver on a trip and he can go from there to Alaska if he wants to. What you want to find out is the fact that the traveler that starts from here and stops at Vancouver merely for the purpose of changing boats.

Mr. GROSSCUP. Yes.

Mr. BOGLE. I will see if I can get it. I do not know.

Mr. GROSSCUP. The number of passengers is what I want.

Mr. KENT. The question that Mr. Clark has asked about the bonding of these shipments, Judge Bogle, is material in so far as it shows or may tend to show that the steamship companies, that the Canadian steamship line can ship fish under the existing schedules without any extension or modification of the coastwise law. That is the prayer of this labor union at Juneau. If they can put those shipments of fish in a ship and ship it via Vancouver from Juneau to Seattle, the petition of the labor union becomes unnecessary, because their prayer is already granted.

Mr. BOGLE. That is purely a question of law that does not need any development of fact about it. The Canadian Pacific boats are foreign vessels. If they are entitled to take abord fresh fish at Juneau, say, through to Seattle, changing from one boat to another at Vancouver, as a matter of law they are entitled to do it, that is all, and this commission has nothing to do with it.

Mr. KENT. I am not considering the question of law, Judge Bogle, at all. I am trying to determine whether or not it is a fact that they do that with respect to other traffic, in order thereby to establish a predicate for the assumption that they might do it with respect to shipments of fish, because that is the extent of the labor union's prayer at Juneau.

Mr. CLARK. The shippers to and from Alaska are confronted with an increased freight rate which is now subject to construction. The steamship companies in applying for an increase in their tariffs have asserted their inability to make a proper return upon their investment on the business that is offered. My purpose in asking these questions with reference to a purely domestic traffic movement that is destined to a purely domestic port, whether direct or by a foreign port, was to bring out, if possible, some statement of fact from the Canadian Pacific or the Grand Trunk Pacific as to the quantities of business of that character that were moved by them; because we have every reason to believe that if this domestic traffic which belongs solely to the coastwise shipping of the United States were properly handled, even in accordance with the present

statute, there would be ample revenue to provide for a surplus income that would make unnecessary any further increase in freight rates between ports of Puget Sound and Alaska; in other words, that the revenue which is represented by the passenger and freight business handled by foreign lines which originates in the United States and is destined to Alaska, or vice versa, which Congress contemplated to be permanently reserved to such documented vessels, would be sufficient to render a profit on the operations of these steamship companies that have been furnishing service to Alaska for many years and who now find their business depleted by reason of this foreign competition, by the means of practices which, to say the least, would appear unfair when on business which originates in the United States they are willing to carry it for a lesser price than they are willing to carry it from Vancouver for citizens of Canada when destined to the same destination. I think that this matter is very pertinent to this inquiry into the lessened earnings of the American lines.

Mr. BOGLE. Let us get at the logic of it. What is your idea of what is to follow? Suppose you develop all of the facts you state, what can this commission do and what should it do about it?

Mr. GROSSCUP. Make a recommendation to Congress.

Mr. CLARK. The commission may make a report to the Shipping Board. If we find that laws are being violated, they can undoubtedly secure the enforcement of those laws on behalf of the American shippers.

Mr. BOGLE. That is not within their function. They are not an inquisitorial body for that purpose. It is not within their province.

Mr. CLARK. If the laws provided by Congress to accomplish that result were found insufficient to accomplish that result, it certainly is within their province to make a recommendation to Congress for such revision of the statute as will insure that that business would be handled in conformity with the previous practice which obtained from the history of navigation in our Government down until recent years. We had assumed, and I think rightfully, that Congress should so legislate as to prevent transportation companies within the United States, whether by water or by rail, from providing rates that were unfair and unequal and discriminatory. We have not by any manner or means, if we may take the precedent established by the practice of our friends across the border, prevented the accomplishment of that purpose by Canadian lines. They do it not only as a means of getting business, but because they are beyond the control of such bodies as the Shipping Board and the Interstate Commerce Commission to prevent it. If their interpretation of the law be the correct interpretation at the present time that these rates are extraterritorial in both cases, could the people of Alaska, could the people of Seattle and of the States who are dealing in Alaska meet that competition by means of American transporation?

We greatly fear that competition of that character will eliminate the American transportation from Alaska and leave us dependent entirely upon that foreign transportation; because we have only to read the report of the Interstate Commerce Commission on the Alaska investigation of last year to ascertain what that kind of competition did for the Yukon. There 44 vessels were acquired by means of a cut rate war from an American competitor by a corporation that was owned in London, and where since that time most of the vessels have been tied up, and the few that remained in operation were permitted to earn an increment of practically 11 per cent per annum on the total value of the property of the company. So we who are interested in the Alaska trade question, what the cost of transportation is to be, and desire the continuance of American interests in that trade so that we shall not by any manner of means become dependent upon foreign competitors that has our shippers at its mercy wherever there is a question of how rates shall be made and who figure rates as between individuals and between towns so as to absolutely stop the development of certain mines or certain business or all of the business of a certain place, and are beyond the control of the United States courts or of the United States bodies similar to the Shipping Board and Interstate Commerce Commission, it is for that purpose that I introduce this question into the record. I realize that this commission has no judicial capacity to determine those things, but it was facts that we were looking for and it was facts that I desire to have introduced in order that they may thoroughly understand the situation as we understand it from our angle.

Mr. KENT. One other point, Judge Bogle. Section 12 of the shipping act devolves upon the Shipping Board the duty to examine the navigation laws of

the United States and the rules and regulations thereunder, and to make such recommendations to Congress as it deems proper for the amendment and revision of such laws for the development of the American merchant marine. Section 17 of the shipping act vests in the Shipping Board unquestioned jurisdiction over the Canadian lines so far as they are operating between Canadian and American ports, and imposes upon those carriers the duty to establish and observe and enforce just and reasonable regulations and practices relating to or connected with the receiving, handling, stowing, or delivering of property, and authorizes the board whenever it finds any such regulation or practice to be unjust or unreasonable to determine, prescribe, order, and enforce just and reasonable regulations or practices.

Mr. BOGLE. I do not object to any of that.

Mr. KENT. This is one of the purposes of these questions of Mr. Clark's. I think, though, Mr. Clark, that those questions which you have asked Judge Bogle can best be answered by a representative of the Grand Trunk Pacific.

Mr. CLARK. In so far as the Canadian Pacific is concerned, my only regret is that the Canadian Pacific was not here represented by a traffic official rather than by counsel to whom they have only given part of the information. I can readily understand why Judge Bogle was not in a position to answer the questions put.

Mr. KENT. I think the Canadian Pacific line, Judge Bogle, in view of the notice which they received, were given abundant opportunity to refute these contentions on the part of the American lines.

Mr. CLARK. When the Interstate Commerce Commission cited them to appear on identically this matter of Alaska rates neither the Canadian Pacific nor the Grand Trunk Pacific presented themselves at the hearing of the Interstate Commerce Commission by counsel or otherwise.

Mr. BOGLE. Mr. Kent, I regret that these alien matters are allowed to be introduced here, and I think they are introduced at this late stage in the proceeding more for the purpose of prejudice than anything else, whether they appeared in these previous hearings or not. They feel that you have no jurisdiction over these matters in these hearings and that these hearings have nothing to do with it. It is introduced here not for the purpose of aiding you in this investigation, but for some other purpose.

Mr. KENT. The only purpose for which it will be considered will be whether or not these freight rates are reasonable in the first place, and in the second place whether or not the Shipping Board should recommend to Congress, as requested by the labor union at Juneau, a modification of the present coastwise laws which will permit the introduction in the coastwise trade of Canadian vessels.

Mr. BOGLE. All right, we do not object to that. If there are any rates here that the Canadian Pacific is charging that is within the jurisdiction of this commission, that is a port to port water haul rate, you should investigate it. If there is any charge of any discrimination you should investigate it. But there is no such charge. And these questions here are not directed to that. This exhibit that Mr. Clark introduced here has no connection with a rail haul?

Mr. CLARK. No. That exhibit shows the steamer rate from Vancouver to Juneau on the commodities mentioned there, and from other points.

Mr. BOGLE. In April, 1917?

Mr. CLARK. It runs through the series of months.

Mr. BOGLE. Is this the rate charged in accordance with the tariff prevailing at that time?

Mr. CLARK. The rate charged is not in accordance with the tariff prevailing at that time.

Mr. BOGLE. If there is a question of fact about that, somebody that knows ought to testify with respect to it. It is a specific instance. The charge is that they varied from their published tariff rate. Now, that this was in February, 1917. I believe that the commission in January and February, 1917, had not required the filing of rates.

Mr. KENT. That duty was required by the Statutes.

Mr. BOGLE. The duty of maintaining rates was provided by statute; but that tariff was to be prepared and filed in accordance with rules to be prescribed by the commission, and you did not prescribe any rules until subsequent to this date, as I recall it. The thing I am objecting to, Mr. Examiner, is the interjection into this investigation of matters of which the Canadian Pacific had no reasonable notice that they were involved here—the charge that in January and

February, 1917, they prescribed and collected a rate from certain specific shippers that varied from the then published rate of the Canadian Pacific.

Mr. KENT. That charge is immaterial, absolutely.

Mr. BOGLE. This ought not to be in the record here.

Mr. KENT. Is that the purpose of the exhibit, Mr. Clark?

Mr. CLARK. The purpose of the exhibit is to indicate this: I will take the last item there. On April the 30th, 1918, on shipments that originated in St. Paul a rate is applied that is less than the rate applied on a shipment of the same character originating in Vancouver, the purpose of which would inevitably result in diverting from American lines by way of Seattle the business which would move from St. Paul to Juneau; and it is material to this investigation because this investigation involves the question of Alaskan rates and particularly in connection with the suggestion that it was the Alaskan rates of these American companies that were serving to depopulate Alaska; it being also understood that these American vessels must earn an income that should be sufficient to permit them to maintain themselves upon that route. And if means of that character indicated by the exhibits are applied or being used to divert from these American transportation companies business which otherwise would naturally fall to them, I think that is material to this investigation.

Mr. KENT. I may say further, Judge Bogle, in that connection, that section 14 of the shipping act expressly interdicts the use by any common carrier by water subject to the act, including the Canadian Pacific Steamship Line, either directly or indirectly, of a fighting ship, either separately or in conjunction with any other carrier, through agreement or otherwise. The term "fighting ship" in this act means a vessel used in a particular trade by a carrier or group of carriers for the purpose of excluding, preventing, or reducing competition by driving another carrier out of said trade. For so far as these questions may tend to show the existence of a state of facts which was violative of that section of the statute it is cognizable by the board.

Mr. BOGLE. Certainly I do not object to that.

Mr. KENT. And I can assure you now, Judge Bogle, that none of these questions which may be asked by Mr. Clark or by any other representative of any interest will be considered by the board in the light of any possible projudice. Their significance will be only in so far as they bear upon the points of record in this investigation.

Mr. BOGLE. The point of my objection, Mr. Kent, is that you are bringing matters into the record that are not fairly within the scope of the investigation as outlined when you announced that you would hold it and as outlined at the time you held it here before you went north. Therefore, the Canadian Pacific had no notice that you were going into an investigation of rates from St. Paul to Juneau. I do not think you would have any more jurisdiction over that rate than I have.

Mr. KENT. There is no question about that; we have not.

Mr. BOGLE. And it is the introduction of these question extraneous to your jurisdiction and of which the Canadian Pacific had had no reason to assume that this body was going to investigate that I am objecting to it.

Mr. KENT. The Canadian Pacific had reason to assume, Judge Bogle, that we were going to inquire, in so far as an inquiry might be in order, whether or not there is in fact a diversion of American traffic to Canadian lines which is resulting in the depletion of American steamship revenues.

Mr. BOGLE. By rail and water?

Mr. KENT. Not at all by rail and water.

Mr. CLARK. It is not a rail and water rate, but it is a rate made locally from Vancouver to Juneau which is not filed with the Interstate Commerce Commission as a through rate from St. Paul to Juneau. A rate from St. Paul to Vancouver is filed with the commission, I understand.

FURTHER STATEMENT OF MR. FRANK A. LAW.

Mr. LAW. Mr. Chairman, I would like to make just a brief statement in order to get into the record some information received today that has some bearing upon the matter in hand. On Friday last some effort was made by those supporting this measue to create the impression that the New England Fish Co. had been unable to get the American steamship lines operating in Alaskan waters to carry its fish shipments from Ketchikan to Vancouver. A letter from the representative of the Pacific Steamship Co. was submitted in support of that statement. Later, Mr. Strong (who did not appear for any of the steamship

companies, but as a public-spirited citizen of Ketchikan) brought out the fact that the New England Fish Co. has a steel vessel of its own in which it carries its fish to Vancouver, and that it is large enough to handle all of its business if it chose to use it. I myself brought to the attention of the committee the fact that the Alaska Steamship Co., an American line operating to Alaska which has a larger number of vessels in that trade than any other company, had never been approached by the New England Fish Co. with a request to ship any of its fish and that it had never refused to do so, and hence that the attempt to show that the American lines had refused to carry their fish shipments to Vancouver and that, for this reason, the pending legislation is necessary in order to preserve the fishing industry of Alaska, is without foundation in fact.

I am expecting some additional information that will bear upon complaints that have been voiced before your committee and will submit same for the record when received.

Mr. Sutherland, if I recollect correctly, or Mr. Thurman, suggested that if our company had not been asked to carry the fish shipments of the New England Fish Co. to Vancouver, we had never sought to secure that business. I was not advised of the facts on that point at the time and so did not attempt to make a statement respecting the same; but this morning I am in receipt of a letter from Mr. John H. Bunch, general freight and passenger agent of the Alaska Steamship Co., in which he says:

"For your information, in case it should be of any value to you during the progress of the hearing, I beg to advise that quite some years ago the Alaska Steamship Co. solicited and made an effort to secure the handling of a share of the frozen fish shipments of the New England Fish Co. from Ketchikan to Vancouver or Seattle, but without success. According to my recollection, we were given to understand at that time that the bulk of the business was being handled by the New England Fish Co.'s own boats and, as stated, we were not able to secure any of their business. It has been our understanding since then, and it is our understanding now, that it would be useless for us to make any effort to secure the handling of this business."

This statement of Mr. Bunch shows that it is a palpable error to represent to the committee that our company did not attempt to get the business.

I also referred in my statement of Friday to the fact that the advent of the Canadian steamship lines into the coastwise Alaskan trade, thus permitting them to compete with the American lines there, would probably result in the withdrawal of the American lines, for the reason that the Canadian lines could afford to carry freight for nothing between Alaskan ports and Canadian ports, since the Canadian rail lines which own the water transportation, would obtain advantage of the long rail haul eastward to American points, and the Canadian lines would probably bring about a ruinous rate war to drive the American water lines out of the trade. I may add that the Grand Trunk Pacific quotes a rate between Alaska and Prince Rupert of one-third less than the rate between Alaskan ports and Seattle, which they could afford to do since Prince Rupert is in distance one-third nearer to Alaskan ports than Seattle. I brought out the fact in my previous statement that because of lack of business from Alaska, our line has a large number of ships tied up, while two of them are operating—one to Hawaii and the other in the intercoastal trade between Pacific and Atlantic coast ports. Mr. Sutherland made a statement that the tie-up of our vessels was only the usual winter tie-up, and I sent the following telegram to Mr. Bunch on November 1:

"Mr. Sutherland asserted before committee that company's present vessel tie-up is usual for winter season and not because of the lack of business. Is tie-up earlier than usual and are more vessels withdrawn than heretofore? Wire to-morrow night letter causes and details."

To that telegram I have this morning received the following night letter in response, which makes clear that Mr. Sutherland's statement just referred to was in error:

SEATTLE, WASH., *November 2, 1921.*

BURDETT, THOMPSON & LAW,
Washington, D. C.:

There is a trace of truth in the assertion, but as a whole it is positively incorrect. It is true that it is usual for Alaska steamer lines to tie up some of their vessels during winter season, but it is untrue and puerile for any one to assert, especially before a congressional committee, that the present vessel tie-up is because it is usual for winter season and not because of lack of business. On the Bering Sea route vessels are tied up for the winter because on

account of ice conditions it is impossible to operate, but as to other routes the truth is that vessels are tied up for winter season because of lack of business and for no other reason. The further truth is that while we have fully and promptly handled all of the Alaska business this year, the volume has been so much smaller than last year that we have done it with much less tonnage than we operated last year. Three of our ships which operated on Alaska routes last year which were withdrawn approximately a year ago at the beginning of the tie-up season have remained out of the Alaska service throughout this year because they were not needed and account lack of business could not be operated. One was the *Alaska*, which was withdrawn from Alaska service in October last year and placed on San Francisco-Portland route. The other two were *Santa Ana*, laid up November 4, and *Skagway*, laid up November 30, last year. They have not turned a wheel since those dates and running them would not have made any more Alaska business. Besides this the *Valdez*, one of our largest freighters, has made only one voyage to Alaska this year, and the *Cordova* was withdrawn the middle of July after making one Bering Sea trip and placed on Honolulu route. Our tie-up this fall is not yet completed but is practically at same time as last year and previously, but we are withdrawing fewer vessels because of having operated fewer and having had number of vessels laid up or out of Alaska service, some continuously, some part of time, since withdrawn a year ago. Can say to you, however, and you may deem it wise to say to the committee what we think the prospect is for increased Alaska business next year and that we are in close, friendly, and harmonious touch with those who are actually doing work for producing business in Alaska and will work out arrangements with them as to rates and schedules which will be satisfactory and enable them to carry on their work.

JOHN H. BUNCH.

I now submit the following additional information for the use of the committee, which has been received from Mr. John H. Bunch, general freight and passenger agent of the Alaska Steamship Co., as it discloses actual facts in two matters called to its attention by Delegate Sutherland of Alaska, which if unexplained may lead to a false impression, and do said steamship company and public interests an injustice.

He mentioned that the steamship *Northwestern* of that company on its call at Juneau, October 18, 1921, had refused to take a fresh-fish shipment of the Juneau Cold Storage Co. that was offered, this action resulting in loss to the latter, and compelling it to send the fish to a Canadian port. Mr. Bunch was immediately advised of this statement by wire, and made partial reply by telegram dated November 5, 1921, in which he said:

"Failure of *Northwestern* to take fish from Juneau October 18 was due to nonobservance by our agents of instruction which has been issued for the purpose of insuring taking care of all fresh-fish shipments, and therefore was purely our fault. This company has so sincerely desired and by its instructions to agents tried to satisfactorily serve fresh-fish shippers that it very keenly feels this failure. We are in communication with shippers and will reimburse them for any loss they sustained by the failure. We have also repeated and emphasized our instructions covering handling of fresh fish and confidently hope there will be no further failures. The case is made worse by fact that after refusing the Juneau shipment the *Northwestern* did take fish from Ketchikan. Full explanation is too long to send by wire but follows by letter. We have a rule requiring advance notice of fish shipments and all fish shippers are requested to give such notice. We know, however, that they can not always do it, and the steamship company instead of taking refuge behind such a rule, which would not produce the desired result, went further and threw itself into the breach and issued the instructions referred to, observance of which would have obviated this failure and complaint. Please arrange so that full explanation which will send by letter can be placed in record."

In his letter of November 5, 1921, supplementing the foregoing telegram, Mr. Bunch said:

ALASKAN STEAMSHIP CO.,
Seattle, Washington, November 5, 1921.

Messrs. BURDETT, THOMPSON & LAW,
Washington, D. C.

GENTLEMEN: This is in confirmation of night letter I am sending you tonight, in reply to your telegram of last night, in regard to Delegate Sutherland having made a point before the committee yesterday of the article in the

Juneau Sunday Capital of October 23, covering failure of the *Northwestern* on October 18 to take a shipment of fresh fish from the Juneau Cold Storage Co.

As I wired you, it is the truth that the *Northwestern* refused this shipment at Juneau, and later took shipments from Ketchikan. It is also true that all fish shippers understand that they are expected to give our southeastern Alaska agents advance notice of their space requirements for fresh-fish shipments so that information can be telegraphed to southwestern Alaska ports, so that steamers may know in advance how many boxes of fresh fish will be offered from southeastern Alaska ports and space may be left to accommodate same. It is further true that, in this case the Juneau Cold Storage Co. did not give us this advance notice.

The rule requiring fish shippers to give us advance notice of their shipments was established quite a long while ago, in an effort to take care of fresh-fish shipments from southeastern Alaska, without holding more space than would be used, thereby being obliged in some cases to leave cargo at southwestern Alaska ports, to the disadvantage of shippers in that district and to the loss of the steamship company. It was found, however, that the southeastern Alaska shippers were not able to respond. It should be understood that the fish can not be shipped until they have been caught and brought into the shipping points and boxed and made ready for shipment. When the fishing boats go out no one can tell when they will be back or how many fish they will catch and bring back. When they do get back with their catch the fish people want immediate action. If the fishing boats get back to the shipping ports just before the steamers pass southbound there is a hurry and scurry to get the fish ready for shipment. Then, if the steamer comes along and, having had no notice of fresh-fish shipments, has no space for same, the fish dealers are disappointed and dissatisfied, and probably make a loss. When the fishing boats get back into the shipping ports just after steamer has passed southbound and there is a wait of several days for another steamer, it sometimes becomes necessary to freeze or salt the fish or in some cases the catches have been sent down to Prince Rupert, especially if the prices in Prince Rupert are better.

However, the fish people try to work in connection with our sailing schedules, and the fishing boats go out on their fishing trips and try to get back at the right time to make connections with the southbound steamers. We found that we could not rely on the fish people to give us advance notice of their shipments and, being desirous of taking care of this business to the entire satisfaction of the fish people, and for our own benefit in making earnings in handling the fresh-fish business, notwithstanding any accusations or insinuations to the contrary, we issued a firm order nearly two years ago to our agent at Cordova in southwestern Alaska and to the masters of passenger steamers operating through southeastern Alaska, to and from southwestern Alaska, to hold space on every southbound sailing for 400 boxes fresh fish. We have never had as many as 400 boxes on any one sailing, but we wanted to be absolutely sure of having enough space to take care of whatever business might be offered. This order was very satisfactory to the men engaged in the fresh-fish business, and I am sure convinced them of the sincerity of our purpose. I think there has been no failure since that order was issued, until this recent failure of the *Northwestern*.

At the time the order was reissued in June of this year the present master of the *Northwestern* was not on that steamer, but that is not an excuse for the steamer failing, as the order should have been on file, and, besides, the Cordova agent had the order.

This season there has been very much activity in packing salted herring in southwestern Alaska, and as this business is seasonal (as is practically all business in Alaska) and as the herring packers are operating on the smallest possible investment and have barely enough storage facilities to take care of their production from steamer to steamer, it has been necessary for us to move their fish regularly and promptly. Therefore, with the pressure from these people to take care of this business, our agent at Cordova apparently filled the *Northwestern*, or supposed he had filled her with business from Prince William Sound, and left no space for the fresh fish.

When the steamer reached Juneau and the Juneau Cold Storage Co. offered its shipment of about 15,000 pounds, the matter may or may not have been brought to the attention of the captain, but at any rate as it had been decided at Cordova that there was no space for fresh fish, the steamer appar-

ently stood "pat" and made no effort to accommodate the shipment. The agent at Ketchikan was advised by telegraph that the *Northwestern* would have no space, and when this information was given to the fresh-fish shippers at Ketchikan, five of the signed a telegram to me on the 17th, advising that the *Northwestern* was due the next day and that it had been reported she would have no space for their shipments. I immediately wired our agent at Ketchikan, advising him of having received this message, and asked him to impress on the captain of the *Northwestern* that it was absolutely imperative to take care of fresh fish shipments and to try to work out some way to care for this business. At that time I, of course, knew nothing whatever of the Juneau incident. Evidently my telegram had its desired effect, as the *Northwestern* did find room to accommodate the fresh fish offering at Ketchikan, amounting to 105 boxes.

It seems to me that it makes the case much worse for the *Northwestern* to have no space at Juneau, even though the Juneau Cold Storage Co. made a very strong effort to get the boat to take their shipment and then, on account of the special telegram from Seattle, was able to find enough space to accommodate 105 boxes from Ketchikan. However, these are the facts, and I suppose the statement that the ship had no space for fresh fish, and failure at Juneau, and then the correction of this condition at Ketchikan should be charged to the shortcomings of employees. We operate quite a number of steamers and employ hundreds of men, and it is probably impossible for us to receive from them 100 per cent service.

The *Alameda*, following the *Northwestern* about 10 days later, had space and took care of fresh fish shipments from both Juneau and Ketchikan, the total, however, being much less than 400 boxes. The next steamer will be the *Northwestern* again, which should pass Juneau and Ketchikan southbound within a few days.

After receipt of information covering the failure of the *Northwestern* to take this shipment of fish from Juneau on her last voyage, I telegraphed our agents at Juneau and Ketchikan (on the 2d) asking them how much fresh fish they will have for the *Northwestern*, and for a prompt reply by telegraph. The reply has just been received this morning and, in the meantime, as the replies had not been received, I telegraphed our agent at Cordova, and referred him to our standing order covering the reservation of space for 400 boxes fish from southeastern Alaska, and told him that on this *Northwestern* he must reserve space for not less than 300 boxes. The reply from Juneau is, that the fishermen are not in, but fish people expect to have at least 40 boxes. The reply from Ketchikan is that it is impossible to advise quantity of fresh fish at this time, with the explanation that fish buyers begin to pack three or four days before ship is scheduled to arrive at Ketchikan, and that the quantity depends on the weather (which governs the catch) and comparative prices at Prince Rupert and Ketchikan.

I think this should show any unbiased mind that we are honestly trying to take care of this fresh-fish business and build it up. The fresh-fish shippers can not expect a steamer every hour, or every day, or more frequently than the general business of the territory will justify the operation of steamers, unless the general business of the territory is prepared to pay higher rates to secure more frequent sailings of steamers, with part cargoes. Steamers can not operate except with full cargoes, or increased rates. When we hold space on every steamer for 400 boxes of fish without any assurance that we will receive any fresh-fish business, it seems to me we are certainly doing all that can be expected and that we are entitled to some credit, instead of censure.

In many cases—practically on every sailing during the season when we hold space on a southwestern steamer for 400 boxes of fish from southeastern Alaska points—we must leave cargo in southwestern Alaska points in order to make the reservation; then, when we do not get 400 boxes of fish from southeastern Alaska ports, we are in the position of having lost earnings which we might have made on other business from southwestern Alaska; and also, to favor and accommodate the fresh-fish business, we have discommoded the shippers in other lines in southwestern Alaska. This does not mean that there is not sufficient service on the route, but is cited to emphasize that the business is seasonal, and that boats must get full cargoes in order to maintain the service and not be forced to increase rates. The small quantity of freight left at any time in order to provide this space for the fresh fish, is not sufficient to justify the operation of another steamer in the fleet.

As stated in my telegram, we are in communication with the Juneau Cold Storage Co., and it is our intention to make them whole on any loss which they sustained in sending this shipment to Prince Rupert. We feel that the failure being so clearly due to the failure or inefficiency of our agents, we should pay their claim.

You will note that, according to the telegram from our agent at Ketchikan, even though we hold space for fresh-fish shipments from that point, we won't get any business if the price for fish at Prince Rupert happens to be a little better than the price at Ketchikan. This explains my statement in the earlier part of my letter that the fishing boats sometimes go through to Prince Rupert to dispose of their catches.

I want to refer again to our order to hold space on the southwestern Alaska route steamers for 400 boxes fresh fish from southeastern Alaska. Four hundred boxes of fish amounts to 120 to 160 measurement tons of freight. Therefore when plenty of cargo is offering from southwestern Alaska, we must leave 120 to 160 tons of freight—say herring, or salmon, or ore, in order to be sure to have space for fish from southeastern Alaska which we may not get. When we refuse cargo in southwestern Alaska and hold this space, we are damned by the herring men, or the salmon men, or the ore men; while on the other hand, if we have no space for the fresh-fish shipments, even though there may not be over 100 boxes, we are damned by the fresh-fish shippers; and in either case, or in both cases, we are damned by the newspapers and the politicians. All we are trying to do is serve everybody as nearly equally as possible, and make our steamers carry as full loads and make as big earnings as possible, so as to enable us to keep down our rates to the lowest possible figure.

Yours, truly,

JOHN H. BURCH,
General Freight and Passenger Agent.

Mr. Bunch has also furnished copy of his letter of November 21, 1921, to the agents of the Alaska Steamship Co. at Juneau and Ketchikan, Alaska, Messrs. W. E. Nowell and C. M. Taylor, respectively, designed to insure the nonrecurrence of a failure to take fresh fish shipments from Alaska ports, which letter was as follows:

ALASKA STEAMSHIP CO.,
Seattle, Wash., November 21, 1921.

Mr. W. E. NOWELL,
Agent, Juneau, Alaska.
Mr. C. M. TAYLOR,
Agent, Ketchikan, Alaska.

DEAR SIRS: The steamer *Northwestern*, southbound from Juneau and Ketchikan about October 18, failed to take shipment of about 14,500 pounds fresh fish from Juneau, and the next day took about 105 boxes of fresh fish from Ketchikan.

One of the Juneau papers of October 23 had a disparaging write-up of this incident, which was made capital of by Delegate Sutherland in a hearing at Washington, commencing October 28. Copy of the letter I wrote to our attorneys in explanation of the failure was sent to Mr. Nowell, and I am now inclosing copy to Mr. Taylor for his confidential information.

In view of the fact that there were standing orders for the southwestern Alaska route passenger steamers to reserve on each trip space for at least 400 boxes fresh fish, and the *Northwestern* had failed to do this, the matter was taken up sharply with our superintendent and with the captain of the *Northwestern* for an explanation as to why the steamer did not reserve the space, as ordered. Capt. Nord, in reply, states that on the trip in question as the steamer passed Ketchikan and Juneau northbound, he was advised by Mr. Taylor at Ketchikan, and Mr. Nowell at Juneau that there would be no fresh-fish shipments southbound for the steamer on that voyage, as all of the fishermen were going to Prince Rupert with their fish. With this information, which he transmitted to Mr. Tracy at Cordova, and in view of the fact that there were heavy shipments of salted herring offering at Prince William Sound ports, not all of which could be accommodated by the *Northwestern*, it was thought proper to use all of the steamer space in loading cargo at Prince William Sound ports and leave no space for fresh fish.

On arrival at Juneau this shipment of fish was offered, but there was no place to stow it except on deck and on account of the fact that the steamer was

obliged to come around Cape Decision the captain was afraid to put the fish on deck. At Ketchikan he managed to take the fish, loading it on deck, as the balance of the trip was through the inside passage and there was practically no danger of losing the fish overboard.

All of the canned salmon and salted herring will be cleaned up in a very few days, and from now on until next summer there will be plenty of space on the steamers for all the fresh fish that can possibly be offered in southeastern Alaska, but before next summer I think we ought to try to work out some arrangement with the fresh-fish shippers, so that they will give us firm advice before the steamer sails south from Seward, as to the amount of space they will require for fresh fish, so that we will not be required to reserve a lot of space which will not be used and, at the same time so that we can reserve enough space to take care of the fresh-fish shipments.

I wish you would please discuss this matter with the fresh-fish shippers and let me know what can be worked out in the way of an arrangement to take care of this matter.

Yours truly,

JOHN H. BUNCH,
General Freight and Passenger Agent.

Said letter covers the explanation of Capt. Nord, of the *Northwestern*, of his reason for refusing the Juneau fresh-fish shipment, and taking a like shipment on the same voyage at Ketchikan, the explanation briefly stated being that he was informed on the *Northwestern's* voyage north by the company's agents at Ketchikan and Juneau that there would be no fresh-fish shipments south, as all of the fishermen were going to Prince Rupert with their fish, and in view of this information and of the fact that there were heavy shipments of salted herring offering at Prince William Sound ports, not all of which could be accommodated by the *Northwestern*, it was thought proper to use all of the steamer space in loading cargo at Prince William Sound ports, and leave no space for fresh fish, so that when later the fresh-fish shipment was offered at Juneau there was no place to stow it except on deck, and because the steamer was obliged to come around Cape Decision, the captain was afraid to put the fish on deck, evidently in view of the danger of its being lost overboard in rough seas. At Ketchikan he managed to take the fish, loading it on deck, as the balance of the trip was through the inside passage and there was practicaly no danger of losing the fish overboard. He had besides received special instructions through Mr. Bunch to take the fish at Ketchikan, the latter having been wired by fresh-fish men at that point of the report that the *Northwestern* had on space for fresh fish. At the time of issuing said instructions Mr. Bunch states he did not know of the Juneau incident mentioned.

It thus appears that the captain of the *Northwestern* was not at fault, in view of the information given him by the company's agents at Juneau and Ketchikan, on his way north, and that the failure to move the fresh fish at Juneau was due to the misinformation so given him, and to the excusable failure, in consequence, to reserve space for fresh-fish shipments from southeastern Alaska.

I am informed by Vice President Stannard, of the Alaska Steamship Co., that on this trip of the *Northwestern* no ores of the Kennecott Copper Corporation were taken, all the steamer space being devoted to public shipments, so that the failure to take the Juneau fresh-fish shipment was in no wise due to using space for Kennecott shipments.

Mr. Bunch asks that attention be specially invited to the folowing statement made by him in his letter of November 21, 1921, on this subject, namely:

"I think it should also be made very clear to Mr. Sutherland and in the record the difficulty under which we work during the active season in Alaska in trying to take care of fresh-fish shipments from southeastern Alaska. As it stands, we are expected to reserve space for whatever fresh-fish shipments might be offered and whether any will be offered depends on the success of the fishing trips, and whether the fishermen care to ship from an Alaskan port, or happen to think they might get better prices at Prince Rupert and take their catches to that port.

"If we should require the fresh-fish shippers at Ketchikan and Juneau to make a firm reservation of space and pay for that space whether they use it or not, we would be doing business in accordance with rules and practices of steamship lines in all other parts of the world except Alaska. However, we would not dare to do any such thing in Alaska. We are expected to reserve the

space and use it for fresh-fish shipments if the shippers happen to want to make shipments, or lose it if they do not. At the same time we are expected to take care of the herring and salmon shipments promptly."

Mr. Bunch has furnished copy of a letter from Agent Nowell, dated November 19, 1921, explaining fresh-fish conditions, which letter is as follows:

ALASKA STEAMSHIP COMPANY,
Juneau, Alaska, November 19, 1921.

Mr. JOHN H. BUNCH,
General Freight and Passenger Agent, Alaska Steamship Co.,
Seattle, Wash.

DEAR SIR: Referring to your letter of November 8, relative to the matter of fresh flesh shipments from Juneau southbound on the southwestern Alaska route steamers:

Beg to advise that I have endeavored to get the fish shippers to give us notice as to the approximate number of boxes of fish they will have for shipment on each southbound steamer in time to wire the information to Cordova, but it does not seem to work out satisfactorily.

It is reported that fish is scarce at the present time and if the fishing boats are not successful in getting their full catch they do not attempt to connect with the American steamers, realizing that the space on them is uncertain, as well as the market for their fish at Seattle, at times unreliable as compared to the Canadian market, which is open for all the fresh fish obtainable and plenty of space on the Canadian steamers to handle to destination.

The manager of the Juneau Cold Storage Co., Juneau, told me to-day that he had instructions from his connection at Seattle to buy but little fish at this time, as Thanksgiving week was a poor time to dispose of it, and for that reason all fish offered to them by the fishing fleet was bought for the Vancouver market and the *Princess Mary* took out about 150 boxes fresh fish last Thursday for Vancouver.

I think it would be well, for our own protection, to put such a requirement as you suggest in effect, and will say that we are trying to cooperate with the fishermen in every way possible, and throwing the responsibility on them with such a requirement in effect might bring satisfactory results.

Yours, very truly,

E. E. NOWELL, *Agent.*

And commenting on said letter Mr. Bunch writes that it—

"Confirms information previously given you and emphasizes the difficulties under which we are expected to work in trying to take care of this fresh-fish business. He advises that he has endeavored to have the fish shippers give notice of the approximate amount of fish they will have to ship on each sailing, but without satisfactory success, and states that at the time he wrote it was reported that fish were scarce and if the fishing boats are not successful in getting their full catches they do not attempt to connect with the American steamers, because they think the space on them is uncertain, and also because of the uncertainty and unreliability of the market at Seattle, as compared with the Canadian market, which he says is open for all the fresh fish obtainable, and that plenty of space is available on Canadian steamers to handle shipments to destination. He explains, further, that the manager of the Juneau Cold Storage Co. stated that he had instructions from his connections in Seattle to buy very little fish for the Seattle market.

"The Canadian steamers, of course, have plenty of space for fresh-fish shipments, because they handle no other freight business, while our steamers are serving all other Alaskan industries besides the fresh-fish industry. However, we are expected to always have space when a fisherman happens to want to use our steamer, but he is supposed to have the privilege of going to Prince Rupert with his catch or shipping from Alaska ports by Canadian steamers and our reserved space to go unused."

It is evident from this correspondence that the company has taken precautions to avoid a possible recurrence of the Juneau incident referred to and that its purpose is to make good any loss that may have been suffered by the Juneau Cold Storage Co. growing out of said incident, and further that the omission to carry the fish shipment from Juneau was due to the failure of the company's agents at Juneau and Ketchikan to conform to instructions previously given designed to accommodate all fresh-fish shipments.

Mr. Sutherland mentioned in his remarks before the committee that a lumber mill at Juneau which, prior to the Jones law, had received rate Juneau to Vancouver $5 f. o. b. Canadian lines as against $11 rate to Seattle by American lines, had to shut down because of passage of the Jones law, which prevented foreign carriers handling this lumber, and I immediately wired Mr. Bunch to that effect and asked for the facts.

In reply Mr. Bunch wired November 8, 1921, as follows:

"There is only one lumber mill at Juneau and there has never been any other. The rate on lumber by American lines Juneau to Seattle is not and never has been as high as $11. The owner of the only Juneau mill is in Seattle. He states that his mill has been operating steadily for several years past and that his business has not been affected by the Jones law, and he is solidly for the Jones law. He took occasion to deplore the shortsightedness of some Alaskans who are always knocking American lines and who think that by patronizing Canadian lines they are doing something toward keeping down the rates of American lines. The fallacy of such a theory and the real attitude of Canadian lines on rates is shown in my letter October 18 to Mr. Birch. This mill man advises he made only one shipment to or via Vancouver, same being consigned to Hamilton, Ontario, and was given a $6 rate Juneau to Vancouver because the shipment was consigned to a point competitive with the Grand Trunk. He also stated that if shipment had not been consigned to a competitive point the rate to Vancouver would have been no lower than to Seattle. Our rate Juneau to Seattle is $9 instead of $11 and has been satisfactory. We are on very friendly footing with this party and have handled his lumber shipments for past several years to his satisfaction. Right now he is figuring on some new American business for next year amounting to probably 10 to 15 million feet and relying on us to bridge the transportation gap with a rate which will enable him to secure the business, which, needless to say, we will endeavor to do. As Mr. Sutherland and the committee is seeking the truth, and as that is what we want too, seems to me you and committee should secure from Sutherland name of the mill which was forced to close by the Jones act and name and address of company or owner and give us chance to look further into merits of his accusation."

Later, having ascertained from Mr. Sutherland that there was only one lumber mill at Juneau, and that his information as to shut down, etc., was obtained from Mr. Rutherford, I wired to Mr. Bunch November 9 to that effect, and asked for further light.

He now states that on November 16, 1921, he wrote the Juneau Lumber Mills, calling attention to the telegrams which had passed between my firm and himself, bearing upon the statement of Mr. Sutherland to the committee respecting the shutting down of said mills, and the cause of such shutdown, and he inclosed the reply of Mr. Roy Rutherford, president, and Henry Shattuck, secretary, of said company, which shows that, with a single exception, all shipments from said company's mills had been made to Seattle via the Alaska Steamship Co., at a rate of $9 per thousand feet except in the case of small shipments when an additional dollar is charged; that one shipment only was ever made via Vaucouver over the Canadian Pacific Railroad boat, and this was at a rate of $6 per thousand feet, that rate being given because the shipment was destined for a point on the Canadian Pacific Railroad competitive with the Grand Trunk, and the Canadian Pacific Railroad met the latter's $6 rate and for this reason only, the statement being added that—

"We were informed by the officials of the Canadian Pacific Railroad that the lumber rate from Juneau to Vancouver on shipments the destination of which would be on the Canadian Pacific Railroad to noncompetitive points with the Grand Trunk would be the same as charged by the American lines operating between Seattle and Alaska."

In said letter it is further stated that—

"The enactment of the Jones law has not affected the operation of our sawmill at Juneau. We have operated each season as usual with the exception of the season of 1921. Due to the slump in the lumber business and prices in the States, and due further to the depressed conditions throughout Alaska, we ran the mill for only two months. The Jones law is in no way responsible."

I now submit said letter for the record.

JUNEAU LUMBER MILLS,
Seattle, November 22, 1921.

Mr. JOHN H. BUNCH,
General Freight and Passenger Agent, Alaska Steamship Co.,
Seattle, Wash.

DEAR SIR: We have carefully read your letter of the 16th instant. The enactment of the Jones law has not affected the operation of our sawmill at Juneau. We have operated each season as usual, with the exception of the season of 1921. Due to the slump in the lumber business and prices in the States, and due further to the depressed conditions throughout Alaska we ran the mill for only two months. The Jones law is in no way responsible.

With the single exception of one car of lumber routed through Vancouver, B. C., all our shipments came through Seattle, via the Alaska Steamship Co.

The car routed via Vancouver, already referred to, was shipped over the Canadian Pacific Railroad boat at a rate of $6 per thousand feet. The reason for this rate was the fact that the shipment was destined for a point on the Canadian Pacific Railroad competitive with the Grand Trunk, who make a rate of $6 per thousand feet from Juneau to Prince Rupert. The Canadian Pacific Railroad meets this rate on account of the Grand Trunk rate only. We were informed by the officials of the Canadian Pacific Railroad that the lumber rate from Juneau to Vancouver on shipments the destination of which would be on the Canadian Pacific Railroad to noncompetitive points with the Grand Trunk would be the same as charged by the American lines operating between Seattle and Alaska.

Rates charged us by the Alaska Steamship Co. have never exceeded $9 per thousand feet except in the case of small shipments when an additional dollar is charged.

Very truly, yours,

ROY RUTHERFORD, *President.*
HENRY SHATTUCK, *Secretary.*

Mr. Bunch inclosed a letter from Mr. Henry Shattuck, dated November 23, 1921, which shows that he is entirely satisfied with the service of the Alaska steamship lines and that he is strongly opposed to any change of the shipping act of 1920, known as the Jones law, which would permit Canadian or other foreign lines entering the Alaska coastwise trade of the United States, his reasons being thus stated:

"I am strongly opposed to any revision of the Jones law that will permit the Canadian steamship lines or any other foreign lines to engage in Alaska coastwise shipping. I firmly believe such a change would operate to demoralize Alaska shipping and eventually compel the American lines to discontinue their Alaska service. This would not be a good arrangement for Alaska.

"Better service and lower rates can only be secured by fully supporting the American steamship companies and not by encouraging foreign lines to enter this field. The American lines must have an operating profit before charges can be reduced, and this can only be accomplished by giving them every possible support."

Said letter I also submit for the record.

ALASKA SUPPLY CO.,
Seattle, November 23, 1921.

Mr. JOHN H. BUNCH,
General Freight and Passenger Agent, Alaska Steamship Co.,
Seattle, Wash.

DEAR SIR: Referring to yours of the 16th inst. addressed to the Juneau Lumber Mills, I wish to state that I have been in business in Juneau, Alaska, for the past 20 years and still carry on a merchandise business there. During that time the service rendered by the American steamship lines has been adequate for our needs.

Due to the fact that a very large proportion of the southbound freight, except copper ore, is ready to move in a period of about four months in the summer and fall, occasional freight congestion occurs. It is not serious and is unavoidable. We have found that the companies use their best efforts to move the shipments with the least possible inconvenience to shippers.

I am strongly opposed to any revision of the Jones law that will permit the Canadian steamship lines or any other foreign lines to engage in Alaska

coastwise shipping. I firmly believe such a change would operate to demoralize Alaska shipping and eventually compel the American lines to discontinue their Alaska service. This would not be a good arrangement for Alaska.

Better service and lower rates can only be secured by fully supporting the American steamship companies and not by encouraging foreign lines to enter this field. The American lines must have an operating profit before charges can be reduced and this can only be accomplished by giving them every possible support.

Very truly, yours,

HENRY SHATTUCK.

It is evident from the foregoing correspondence that Mr. Sutherland's information to the effect that the Juneau lumber mills were forced to shut down because they were unable to use the Canadian lines, as well as his information respecting rates by the Canadian Pacific boats and by the American lines, was entirely erroneous and did not conform to the facts. Presumably he misunderstood Mr. Rutherford. However this may be, the actual facts put the matter in a light the reverse of that indicated by Mr. Sutherland, and furnish no reason for enactment of the proposed legislation.

ADDITIONAL STATEMENT SUBMITTED BY MR. FRANK LAW, ATTORNEY FOR THE ALASKA STEAMSHIP CO.

1. The record shows that the provision sought by the pending bill to be stricken from section 27 of the shipping act, 1920, was designed to preserve to the merchant marine of the United States the Alaskan coastwise trade, and to protect said trade from encroachment by the Canadian lines. The legislation was in line with protests of the American fresh-fish industry against the admission of foreign vessels into the said Alaska trade. These protests, made by 16 large business concerns engaged in the Alakan fish industry, will be found on pages 80–81 of the record.

2. Only one fresh-fish business concern has asked for the proposed repeal legislation, the New England Fish Co., which was one of said protestants, but which apparently has changed its policy. Said company has a cold-storage plant at Ketchikan, and has always shipped its fish to Vancouver, through the agency of a Canadian corporation, most of whose stock is said to be owned by the owners of the New England Fish Co., an American corporation. Only one other organization was represented before the committee as desiring the legislation, namely, the Commercial Association of Juneau, represented by Mr. Garfield, an employee of the United States Custom Service at Juneau, who appeared before the committee in advocacy of the legislation (see p. 59 of record); but Mr. Strong, of Ketchikan, appeared for himself (p. 30 of record) and as a member of the Ketchikan Commercial Club, and of its executive committee, and opposed the passage of the pending bill. It seems, therefore, that there is no general demand on the part of Alaskans, and especially of those engaged in its fresh-fish industry (see 1 above) for the proposed change in the shipping act of 1920.

3. The salient alleged facts and reasons given by Delegate Sutherland in support of the pending measure will now be set forth, and in contrast the real facts shown by the record will be alluded to briefly, under the caption "Answer," which will make clear how mistaken was his information on which he based his contentions.

(A) He charged that a lumber mill at Juneau had been sending its product at a $5 rate per thousand feet by Canadian lines via Vancouver, and that after the Jones Act was passed in 1920 it was compelled to use the American lines to Seattle, which charged a rate of $11 a thousand feet, and that because of this high rate the mill was driven out of business.

Answer. Mr. Sutherland later advised me that his information respecting said mill came from its owner, Mr. Rutherford. A letter is in the record (p. 197), dated November 22, 1921, from Roy Rutherford, president, and Henry Shattuck, secretary of said lumber mill company (the only one at Juneau), in which it is stated that the Jones law has had no effect upon the operation of their mill; that they have operated each season for years, but that due to the slump in the lumber business in 1921, the prices in the States, and due further to the depressed conditions throughout Alaska, they operated the mill for only

two months in 1921, and that the Jones law was in no way responsible for the shutdown; that with the single exception of one car of lumber routed through Vancouver, British Columbia, all their company's shipments were made through Seattle via the Alaska Steamship Co.; that the single car of lumber routed via Vancouver was shipped over the Canadian Pacific Railroad boat at a rate of $6 per thousand feet, the reason for this low rate being that the shipment was destined for a point on the Canadian Pacific Railroad competitive with the Grand Trunk, which latter makes a rate of $6 per thousand feet from Juneau to Prince Rupert, and the Canadian Pacific met said rate only because of said Grand Trunk rate, and that the lumber company was informed by the officials of the Canadian Pacific Railroad that the lumber rate from Juneau to Vancouver on shipments the destination of which would be on the Canadian Pacific to points noncompetitive with the Grand Trunk would be the same as charged by the American lines operating between Seattle and Alaska. Said letter further stated that rates charged by the Alaska Steamship Co. have never exceeded $9 per thousand feet, except in the case of small shipments, when an additional dollar is charged.

A letter is also in the record, dated November 23, 1921, from said Henry Shattuck (p. 197 of record), in which he commends the excellent service given the Juneau Lumber Co. by the Alaska Steamship Co., and says, amongst other things:

"I am strongly opposed to any revision of the Jones law that will permit the Canadian steamship lines, or any other foreign lines, to engage in Alaska coastwise shipping. I firmly believe such a change will operate to demoralize Alaska shipping and eventually compel the American lines to discontinue their Alaska service. This would not be a good arrangement for Alaska. Better service and lower rates can only be secured by fully supporting the American steamship companies, and not by encouraging foreign lines to enter this field."

It thus appears that Delegate Sutherland was entirely mistaken in his alleged facts, and that said Juneau Lumber Co. not only has no complaint to make against the American lines but is opposed to the change of the Jones law urged by said Delegate.

(B) It is next charged that the American lines refused to operate to Vancouver to carry the fresh fish of the New England Fish Co., a letter being inserted in the record dated September 15, 1921 (p. 7), from the Pacific Steamship Co. in which it stated that—

"It seems impracticable to include Vancouver, British Columbia, as a port of call for our Seattle-Alaska passenger and freight steamers. If your freezing plant were located at Seattle—our home port—I am confident there would be little difficulty in arranging space and service to meet all of your Alaska frozen-fish shipments."

Answer: It was shown by Mr. W. L. Clark (p. 61 of record) that at one time the Pacific Steamship Co. operated two steamers between Alaska ports and Prince Rupert for a period of a year and a half; that during this period neither Alaska shippers nor the Canadian railroad would give this American line any business, and that in consequence the latter was compelled to withdraw from said service about the middle of the year 1916.

This experience of the Pacific Steamship Co., and its probable knowledge of other facts that will now be mentioned, doubtless accounts for its unwillingness to make Vancouver a port of call as indicated in its letter of last September, above referred to.

It was shown by Mr. John H. Bunch, general freight and passenger agent of the Alaska Steamship Co. (p. 189 of record) that some years ago the Alaska Steamship Co. solicited and made an effort to secure the handling of the frozen-fish shipments of the New England Fish Co. from Ketchikan to Vancouver or Seattle, but without success; that his company was given to understand at that time that the bulk of the business was being handled by the New England Fish Co.'s own boats, and the Alaska Steamship Co. was unable to secure any of their business. Mr. Bunch stating: "It has been our understanding since then, and it is our understanding now, that it would be useless for us to make any effort to secure the handling of this business."

Mr. Bunch further stated (p. 43 of record) that the New England Fish Co. never in any way approached him or his office as to the Alaska Steamship Co. calling at Vancouver regularly, or otherwise, to carry their fish from Ketchikan, and so far as he knows no freight has ever been offered said steamship line for carriage from Ketchikan to Vancouver. The statement of Mr. Raiff, vice president in charge of transportation of the Alaska Steamship Co. (p. 44 of

record) is to the effect that the latter's office at New York has never been asked by the New England Fish Co. to consider the question of transporting its fish shipments, or any of them, from Ketchikan to Vancouver; and that if there were enough traffic of said fish company offered and the conditions justified a call at Vancouver, he (Raiff) would recommend that the business be taken.

It was also shown by Mr. H. C. Strong (pp. 30–31 of record) that about the time the New England Fish Co. established its plant at Ketchikan, he organized the Northland Steamship Co., an American corporation, which had two steamers (p. 44 of record). the *Northland* and the *Alki*, both equipped with cold-storage facilities, and with more such facilities than on all the vessels operating to Alaska; that the cold-storage equipment was put in at large expense at the request of the New England Fish Co., and for several years said steamship line carried said fish company's fish from Ketchikan to Vancouver; that competition, which he believed came from the Canadian Pacific Line, finally cut the rates to such a low figure that his company could no longer afford to operate, and they were forced out of business by the Canadian Pacific Co. (p. 37 of record) for that reason in 1915; that the Canadian Pacific Line has ever since handled the New England Fish Co.'s fish.

It is clear from the circumstances shown that the deductions of Delegate Sutherland were based upon incorrect premises; that he lacked the important information shown; that his first impression that both the American lines had refused to carry fish of the New England Fish Co. from Ketchikan to Vancouver was contrary to the fact, and he probably was not aware that said lines had endeavored to secure business to justify their operation to Vancouver, but without success. Further Mr. Strong brought out that the general manager of the New England Fish Co. is a Canadian citizen, and a great booster for the town of Vancouver; that said company has a vessel of its own, the motor ship *Washington*, bought after the passage of the Jones law, and that said vessel is large enough to handle all of the fish of its owners; and he made it clear that the efforts on behalf of the pending bill is wholly in the interest of the Canadian lines and business.

(C) That the rates charged by the American steamship lines are excessive.

Answer: It was shown in the statement for the Alaska Steamship Co. (pp. 48–49 of record) that the rail rates from eastern United States points to Prince Rupert and Vancouver, British Columbia, are the same as they are to Puget Sound ports, and the eastbound rates the same, that Prince Rupert is only one-third the distance from the fisheries district of Alaska that such distance is to Seattle, but that, nevertheless, the Alaska Steamship Co. has maintained the same rates to Seattle as have been maintained by the Canadian lines on cannery products, and that, on account of the shorter steamer haul to Prince Rupert, if the Canadian lines were permitted to enter the Alaskan coastwise trade, they would charge, in order to get the benefit of the long rail haul to the east, rates so much lower than the American lines could economically transport freight that they would be ruinous to the American steamship lines, which would soon be driven out of the business entirely. It was also shown (p. 49 of record) that passenger rates between Puget Sound ports and Alaska were lower per passenger mile than the rates of the Canadian carriers between ports where there was no competition with American lines; and that the rates by the Canadian lines on freight were more per ton-mile between British Columbia ports than by the American lines to Alaskan ports. These facts indicate that if the American lines were withdrawn, and the Canadian lines in control of Alaskan transportation business through the operation of a law such as is proposed in the pending bill, it would not be long before rates and passenger fares would be placed at figures far beyond what they now are. The circumstances shown make it clear that rates and fares of the American lines to Alaska are not higher than by the Canadian lines, and that representations to the contrary are an error. (See also tables inserted by Mr. W. L. Clark, pp. 104, 105, and 106 of record.)

(D) It was repeatedly declared by Mr. Sutherland that service by the Canadian lines would be better, sailings more regular and reliable, and that fish would reach eastern points three days sooner by those lines than by the American lines via Seattle, and hence that the fishery interests ought to be given the benefit of this better and faster service.

Answer. Mr. W. L. Clark submitted information respecting sailings of the Canadian water carriers between Alaska and Prince Rupert and Vancouver, and the time of the rail lines between the latter points and the east; he also

submitted like information respecting the time of the American line between Alaska and Seattle,, and of the rail lines to the east, based on the latest time tables (p. 113 of record). He showed that the only steamship line now operating between Alaska and Prince Rupert and Vancouver is the Canadian Pacific, that the Canadian sailings are two weeks apart now (in the summer they are seven days apart) and that the actual steamer time from Ketchikan is 8 hours to Prince Rupert, 58 hours to Vancouver, and by the American passenger steamers, which carry the fresh fish, from Ketchikan to Seattle, 47 hours, the time of the slower freighters being 56 hours.

The tables submitted by Mr. Clark (p. 113 of record) show that the rail time (by passenger trains) from Prince Rupert to Chicago is 3 days 9 hours 45 minutes via Grand Trunk, three trains weekly; that such time is 3 days 13 hours via Canadian Pacific from Vancouver, two trains daily; while on shipments from Ketchikan by the American lines via Seattle to Chicago, the rail time from Seattle is 3 days 2 hours, with choice of eight trains daily, and competing lines. It thus appears that, including steamer time, the time from Ketchikan via Seattle to Chicago by the American lines is 7 hours and 15 minutes over that via Prince Rupert, and 20 hours less than via Vancouver.

This disposes of the claim that there would be a saving of three days via the Canadian lines for the transportation of fish through Prince Rupert or Vancouver as compared with Seattle; and not only shows that the claim is untrue in fact, but that service by the American lines is preferable because of the greater frequency of steamer and train service, and as compared with Vancouver, because of more rapid service, and as compared with Prince Rupert, that less than eight hours would be saved in the run.

Mr. Clark also submitted freight-train schedules which showed that the steamer and freight-train time from Ketchikan via Prince Rupert to Chicago is 9 days via the Grand Trunk, with three trains weekly; and via Vancouver and the Canadian Pacific, 11 days 11 hours, with daily service; whilst from Ketchikan by the American lines via Seattle to Chicago, the time is 9 days 22 hours daily over various competing railroads. Freight schedules shown include dead time all lines at St. Paul to make through-train time, but do not include dead time at Pacific terminals before delivery to railroads.

It thus appears that the fast-freight time from Ketchikan via the American lines and Seattle is but 22 hours longer than via Prince Rupert, while a day and 14 hours are saved via Seattle over the time by way of Vancouver. As freight service is only used for frozen-fish shipments, time is no objective and such shipments may with propriety move over American rail lines.

The maximum of service received by Alaskans from the Canadian company via Canadian ports is a steamer every seven days in summer and every two weeks in winter. The American lines have averaged in the nine months ending September 30 last a sailing on an average of every two and one-half days. It is thus clear that the statement of the proponent of the pending bill to the committee that the Canadian lines will afford a better service and a saving of three days' time is manifestly incorrect and it is evident that he was misinformed.

(E) In support of his contention of poor service by the American lines, Mr. Sutherland cited only a single instance of failure by an American steamship company to carry fish offered for shipment. This incident occurred at Juneau October 18, 1921 (p. 190 of record), the steamship *Northwestern*, of the Alaska Steamship Co., having failed to move about 8 tons of fish offered by the Juneau Cold Storage Co. No other instance of this kind is presented, and considering that the American lines have been operating to Alaska for many years—the Alaska Steamship Co. since 1908 and its predecessor for many years prior thereto—it is rather singular than otherwise that only one complaint of this kind existed, which is to be inferred from the fact that no other is mentioned.

Answer. The incident is explained by Mr. Bunch, of the Alaska Steamship Co., in letters dated November 5 and 21, 1921, now in the record (p. 190), from which it appears that all fish shippers understand the company rule that they are expected to give its southeastern Alaska agents advance notice of their space requirements for fresh-fish shipments; that this information can be wired to southwestern Alaska ports, so that steamers may know in advance how many boxes of fresh fish will be offered from southeastern Alaska ports, and that space may be reserved to accommodate them. The Juneau Cold Storage Co. did not give this notice, and the master of the *Northwestern*, being unadvised of their need for space, did not reserve any, but took on instead

the large herring shipments offered in Prince William Sound. Having no space reserved, he was unable to take the fresh fish at Juneau of the Juneau Cold Storage Co. without storing same on deck, and he feared to risk doing this because of the danger of losing the fish in the rough waters of Cape Decision, which had yet to be navigated. It also appears that the master of the *Northwestern* had been informed by his company's agents at Ketchikan and Juneau on her way northward that there would be no fresh-fish shipments south that trip of the steamer, as the fishermen were carrying all their fish to Prince Rupert, and it was because of this information and the need for moving herring from the Prince William Sound ports that he reserved no space for any fresh-fish shipments from southeastern Alaska. A statement of Mr. Stannard, vice president of the Alaska Steamship Co., is referred to in the record showing that the *Northwestern* carried no ores of the Kennecott Co. on that trip, and hence lack of space for the Juneau fish was not due to a movement of Kennecott ores.

It further appears that Mr. Bunch on October 17 received a telegram from five fish shippers at Ketchikan stating that information had come that the *Northwestern* was to arrive on the 18th and that she could not accommodate any fresh-fish shipments that were awaiting transportation at Ketchikan. Mr. Bunch was not at this time advised that fresh fish had been refused by the *Northwestern* at Juneau, and wired the company's agent at Ketchikan asking him to impress on the captain of the *Northwestern* that it was absolutely imperative to take care of fresh-fish shipments, and to try to work out some way to care for the fish offered at Ketchikan. This telegram had the effect desired, as the *Northwestern* stored on deck 105 boxes at Ketchikan, which was accepted because the balance of the trip to Seattle would be through the safer waters of the inside passage and there would be little danger of losing the fish overboard.

It is evident from the correspondence that the company has taken precautions to avoid a possible recurrence of the Juneau *Northwestern* incident and its purpose to make good any loss that may have been suffered by the Juneau Cold Storage Co. growing out of said unfortunate incident is stated, and it is shown that the omission to move the fish of that company from Juneau was due to the failure of the company's agents to conform to instructions designed to accommodate all fresh-fish shipments.

(F) In its letter to your chairman, dated July 29, 1921 (p. 3 of record), the New England Fish Co. stated that it is extensively engaged in the fresh fish business and has a plant at Vancouver, British Columbia; that its fish are caught at Ketchikan and other points in Alaska; that there are no American vessels suitable for transporting the fish from Alaska to Vancouver, and the amount of tonnage is insufficient to justify the equipment and operation of American vessels for that purpose.

Answer. The fact that the New England Fish Co. subsequently to writing this letter asked the Pacific Steamship Co. if it would make regular calls at Vancouver to handle their fish shipments indicates that their statement that the American lines did not have suitable vessels to handle their fish shipments was (at least) a mistake and that the truth is to the contrary. It also appears that the American lines were handling fresh fish shipments to Seattle, and this is proof that they have vessels suitable for that purpose. The fact was brought out by Mr. Strong (p. 31 of record) that the New England Fish Co. has vessels of its own, and that its fish are handled not in cold storage, as Mr. Sutherland may have been led to suppose, but as open-deck cargo to Vancouver, and that they are doing it now. Says he: "I have seen them do it in the past two weeks"; that there is no cold-storage equipment—they put it in the hold of the vessel. This is confirmed by letter from the Bureau of Fisheries. (P. 5 of record.)

Mr. Strong also said: "I think that this entire showing that is being made here by the New England Fish Co. is being made entirely in the interest of the Canadian Pacific Railway Co.," and he explained why he thought so. On page 35 of the record he mentioned that the New England Fish Co., when the Jones bill was passed (in 1920), purchased an American vessel, the *Washington*, for the purpose of handling their own fish business; that it is a motor ship of sufficient capacity to handle every pound of fish they take at Ketchikan, but that nine-tenths of the time that vessel is tied up. He stated that she is well equipped, and he expressed the view that the reason they still send their fish to Vancouver by the Canadian lines instead of using their own vessel reg-

ularly is that the former offer rates below what it would cost them to operate their own vessel.

On page 37 of the record Mr. Strong further said that when he was compelled to give up the steamship business by reason of the fact that he could not get from the New England Fish Co. rates that it would pay to operate, the Canadian Pacific took it up and he declared: "They have handled it ever since. They have handled it up to the present time. I do not understand under just what condition or how they are handling it now, but they are handling it, and they want a law now put through to legalize their handling it. They have put one American company out of business."

DISCRIMINATION AGAINST AMERICAN FISHING VESSELS AT PRINCE RUPERT.

At page 39 of the record Mr. Strong said:

"Now, gentlemen, they handle that fish business at Prince Rupert so that a Canadian vessel, which can fish out over the Alaska banks and bring her fish into Prince Rupert, gets a higher price than an American vessel. Consequently, several American boats have this year taken out Canadian registry. Even though a vessel is operated under the American flag, so long as she is sailing out of Prince Rupert she is an asset to Prince Rupert; she is no longer an American asset, for the reason that the fish are brought in, discharged, and paid for in Prince Rupert; the crews are paid off there, and they spend all of their money in Prince Rupert. Then the master of a boat naturally outfits his ship in Prince Rupert; he then goes to sea again; goes out in Alaska waters and gets another load of fish. That has the effect of building up business in Canada, and it becomes an asset of Canada. We are sending approximately $5,000,000 from the United States to Prince Rupert and Vancouver, British Columbia, and I want to tell you that if it is not checked it will be $10,000,000 in a few years. That is a greater pay roll than all of the coast of Alaska combined. We need a law that will put the American fish at American ports."

AFFIRMATIVE REASONS WHY THE BILL SHOULD NOT PASS.

1. It is entirely in the interest of Canadian steamship and rail lines, if not of Canadian business interests, and will tend to deprive American labor and American capital of the great fish industry of Alaska. The salmon production alone has been as large as 6,677,569 cases, or 233,715 tons (in 1918), while the northbound material, equipment, and supplies for the salmon canneries is a very substantial business, forming traffic in the opposite direction which in a measure helps to balance the tonnage. (See p. 47 of record.) The fresh-fish industry of southeastern Alaska also furnishes a considerable business to the steamship lines.

2. There is no saving in rates, and practically none of time, in reaching Chicago or other American markets by using the Canadian lines.

3. The American lines have adequate tonnage to handle all business offered, and consequently there is no real need for added service from the Canadian lines. There is, in fact, an excess of American tonnage. Mr. Bunch, of the Alaska Steamship Co., stated (p. 190 of record) that thhree of the ships of that company which operated on Alaska routes in 1920 were withdrawn in October and November, 1920, and were not operated thereafter in Alaska, because they were not needed and for lack of business could not be operated there. These vessels were the *Alaska*, the *Santa Ana*, and the *Skagway*. Besides this, the *Valdez*, one of the company's largest freighters, has made only one voyage to Alaska in 1921, and the *Cordova* was withdrawn in the middle of July, 1921, after making one Bering Sea trip, and placed on the Honolulu route. Hence there is no need for additional tonnage, and consequently no necessity for using Canadian tonnage.

5. The record shows (pp. 62 to 74) by the protest of Pacific coast fishery interests the steps taken by Canada to absorb the American Alaska fisheries, and how American interests had been practically ruined by interpretations of Canadian orders in council, whose effect had been to concentrate the fresh-fish industry of Alaska at Prince Rupert and Vancouver, with the loss of same to a very large extent to American industry; and the protest urged the enactment of appropriate legislation to prevent further losses, and declared that if the existing conditions are allowed to continue the inevitable result would be—

"First. A purely American industry would be permanently diverted from American to Canadian ports.

"Second. The $5,000,000 capital investment of American citizens would become valueless and be absorbed by Canada.

"Third. The fishing fleet, numbering hundreds of vessels, would pass from American to Canadian registry.

"Fourth. Thousands of American fishermen would eventually be displaced by Canadian subjects.

"Fifth. American transportation companies—water and rail—would be robbed of the transportation of fish, caught on our own coasts, destined to American markets.

"Sixth. American commerce would lose the trade benefits incidental to operation of this $5,000,000 industry—yet in its infancy.

"Seventh. The control of a valuable American food supply and of its cost to American consumers would pass from the United States to Canada."

7. The record further shows (p. 75) that the process of absorbing the halibut fish industry of Alaska by Canadian interests is rapidly proceeding; a table submitted by Mr. W. L. Clark showing that while in 1920 Seattle and Ketchikan received nearly 25,000,000 pounds and Prince Rupert and Vancouver about 22,000,000 pounds, in 1921 the said American ports received only 22,867,000 pounds, while said Canadian ports gathered in 26,227,000 pounds thus showing a loss to the American ports in that period of nearly 2,000,000 pounds and a gain by said Canadian ports of more than 4,000,000 pounds.

At page 77, Mr. Clark showed how the Pacific Steamship Co. was compelled, in the year 1916, to withdraw from the service to Prince Rupert by a Canadian order in council, the interpretation of which prevented said company from carrying fish in export from Prince Rupert to Seattle.

At pages 81 and 82, Mr. Clark showed that the Grand Trunk Pacific and the Canadian Pacific lines, which operate the Canadian steamers to Alaska, received subsidies from the Canadian Government; that there are 38 rail lines in the United States owned or controlled by the Canadian Government and the Canadian Pacific Railway Co.; and, at page 94 of the record, he showed that while American transportation lines are under the control of regulatory bodies of the United States, the Canadian lines are not, and that they are not answerable to our commissions for cut rates or preferential treatment of one shipper over another or for any other method they may choose to follow with the end in view of taking business away from the rail and water carriers of the United States and diverting it to those of Canada. He further stated that the Canadian lines make rates to entice business away from American transportation systems, and this brings to the Canadian lines a better balanced traffic and tends to a greater unbalance of traffic by the American lines, for which American shippers must pay increased rates.

At page 85 he stated that the Canadian Government has taken over the Grand Trunk Railway system, including the roads within the United States owned by that company, and that it is owning and operating railroads in the United States, continuing the policy of diverting away from United States transportation lines and ports United States commerce so as to handle it via Canadian rail lines and Canadian ports.

8. Mr. Clark showed (p. 103 of record) that the shortest distance that American vessels must travel to serve Alaska is 600 miles, and the longest figures 3,000 miles; on page 104 he gave the results of voyages for five years, from 1916 to 1920, inclusive, in freight and passenger earnings of the American steamers in the Alaska trade, which showed that the average freight charge was, northbound, $7.74 per ton; southbound, $4.39 per ton, with an average of $6.09 per ton; and that passenger fares were, northbound, $34.40; southbound, $35.99, with an average of $35.34; and that the vessels averaged less than 50 per cent cargoes for the 5-year period. This refers to all Alaska business, and Mr. Clark declared that nowhere in the world, except to Alaska, have vessels during that period moved over such distances with so small an average cargo and at such low average financial return.

He also submitted (p. 105 of record) passenger and freight figures covering transportation between Puget Sound and all Alaska points for the first nine months ending October 1, 1921, of the American lines, showing that the freight charges average, northbound, $10.27 per ton; southbound, $6 per ton, with an average of $7.55 per ton; and that the vessels were used to an average of but 40 per cent of their capacity. To complete his showing, Mr. Clark presented separate tables showing passengers and freight carried between Anchorage and Seward, Alaska, and Puget Sound ports by the American lines. The average between sailings for the 5-year period preceding 1921 was four and one-

half days; the average earnings per trip of steamer north was $5,458.38, south $1,946.03, and that with freight, for railroad construction eliminated, the average earnings were, per steamer, north $3,603.06 and south $1,897.31.

On page 107 Mr. Clark submitted tables showing that the average freight and passengers carried were by steamer north, passengers, 31; freight, 306.8 tons; per steamer south, passengers, 32; freight, 33.3 tons.

And that if the Government freight be eliminated, the average per steamer north was 165.2 tons and south 28.4 tons.

He further demonstrated that the average freight charge to Seward-Anchorage for the five-year period ending with 1920 (Seward being 1,734 miles from Seattle) was, north, $11.89 per ton; south, $9.73 per ton; with an average of $10.90, and that the collections per passenger averaged, north, $48.68; south, $49.56, with an average of 49.14 for the round voyages, which means, he stated, 2.8 cents per passenger-mile and 6.3 mills per ton-mile for freight; and Mr. Clark declared that the Alaska passenger and freight rates of the American carriers are to-day lower per passenger and freight mile than between any other Pacific coast points, and much lower than charged by the Canadian carriers in the exclusive coastwise trade of British Columbia.

Mr. Clark, at page 135, made a valuable contribution to the information before the committee respecting the British privy council and its legislative authority, and of historical facts bearing upon orders in council in aid of business of the British nation and its dependencies; and at pages 159 and 160 he showed that the earnings of British ships amounted in 1920 to $2,433,250,000, indicating what a large income our country might have if its merchant marine is encouraged and developed.

Mr. Clark, in conclusion, urged in the interest of peace and of a constant source of national prosperity and income in times of peace from shipping, that the former condition of absolute protection to American ships, American-owned, in coastwise and foreign trade be restored in our laws, and that, in addition, constructive law should be enacted which will protect American ships against all foreign attack.

9. Having in mind the small average tonnage, and of passengers carried per trip by the American steamers operating in the Alaska trade, and also the great distances involved in their operations, it is plain that they are in need of encouragement from Congress, and therefore that the discouragement which would necessarily result from the proposed legislation should not be inflicted by passage of the pending bill.

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